

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

July 2, 2007

CHANGE NOTICE NO. 27
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345 fgiampa@cmsstl.com		VENDOR NUMBER (2) 43-1281312 (002)
		BUYER/CA (517) 373-8530 Rebecca Nevai
Contract Compliance Inspector: Barry Wickman Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD		From: April 1, 1997 To: March 31, 2008
TERMS	Net 30 Days	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGES:

Effective July 3, 2007, the following change is made to the Contract:

One (1) Assistant to the Associate Medical Director position to supervise the medical providers at Jackson area correctional facilities is added to the Contract. The pay rate for the Assistant to the Associate Medical Director position is up to \$115.11.

All other terms and conditions remain as stated in the attached contract document.

AUTHORITY/REASON:

Per the request of the Department of Corrections, and approval of the Department of Management and Budget.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: **\$668,944,122.00**

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

April 26, 2007

CHANGE NOTICE NO. 26
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345 fgiampa@cmsstl.com		VENDOR NUMBER (2) 43-1281312 (002)
		BUYER/CA (517) 373-8530 Rebecca Nevai
Contract Compliance Inspector: Barry Wickman Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD From: April 1, 1997		To: March 31, 2008
TERMS Net 30 Days	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGES:

Effective 4-26-07, this contract is INCREASED by \$102,000,000.00.

Effective 4-26-07, this contract is EXTENDED through March 31, 2008; under the following conditions:

The Parties agree that the attached Contract (as restated in Change Notice No. 15, including Change Notice 10) and Appendix A require the following modifications.

Section I-D will be revised to include the following:

Contract Extension Term

It is understood and accepted that the contract term for this extension period will be May 1, 2007 through March 31, 2008.

Sections I-J and Appendix A will be revised to include the following:

Contract Pricing Thresholds

The Contract Pricing Thresholds contemplated under the Contract for Year 8 (April 1, 2004 thru March 31, 2005) will be subjected to an inflationary increase of CPI for the prior twelve months (all Medical Goods and Services, Midwest Region, Urban Average – March 2007) plus 2.7%. This increase shall be applied to the Clinical Cost Thresholds associated with the Management Fee paid to CMS as outlined in the attached matrix. The inflationary increases to be applied to the Year 8 Contract Pricing Thresholds of CPI for the prior twelve months (all Medical Goods and Services, Midwest Region, Urban Average – March 2007) plus 2.7% applies only to the thresholds of estimated medical expense. This inflationary increase does not apply to the associated Management Fee paid to CMS in any manner other than how the percentage rate of the fee may fluctuate based on medical expense.

Blue Cross Blue Shield (BCBS) Fee Reduction

BCBS of Michigan has agreed to reduce its administrative fee by one (1) percent in the event a contract extension is executed. This one (1) percent reduction relates to the percentage discount received between billed charges billed by the provider network and paid charges paid to that network (as designated by each individual contract between BCBS and the vendor).

The structure of the CMS contract with BCBS of Michigan contemplates that BCBS will keep a percentage of the discount that it has negotiated with its provider network to provide certain administrative services on behalf of CMS in support of the MDOC contract. BCBS administrative fees may vary from 8.5% to 11.75% of the billed charges of its vendor network, depending on the mix of vendors utilized and their respective contracted discounts. The one (1) percent referenced in our proposal refers to a percent of the total difference between billed and paid charges (reducing the BCBS administrative fee range to between 7.5% and 10.75%).

To clarify further, billed charges of BCBS of Michigan providers for the period October 2005 thru September 2006 was \$53,342,584. A one (1) percent reduction of this total billed charge amount would be \$533,425. Again, this discount and administrative fee percentage depends on the providers utilized, their associated contracted rates and the total expenditure of the services provided under the BCBS network.

BCBS of Michigan Fee Reduction Start Date

The fee reduction proposed by BCBS of Michigan will be effective January 1, 2007.

Invoices, Payments, and Reconciliations

Monthly Medical Service Provider (MSP) Invoices

CMS will provide an invoice monthly for actual MSP services. Payment will be due to CMS, by electronic transfer of funds, no later than 12:00 pm (CST) on the 6th business day following MDOC receipt of invoice.

Semi-Monthly Clinical Cost (Includes clinical management fee) Base Invoices

The MSP and clinical cost base contract will be billed in two equal installments per month; the first shall cover services for the 1st through the 15th of the month, and the second shall cover the 16th through the last day of the month. The DOC shall pay the invoices within six business days after the State receives the invoice.

In return for accelerating payments of the clinical cost base and MSP amounts in accordance with this schedule, MDOC may deduct from these payments an amount equal to 0.25% of the payment amount (or a 6% annual percentage rate). For example, if the Invoice amount is \$3,900,000 for dates of service 5/1-15/07, and if the payment is received by CMS on or before 5/22/07, the discount amount for this particular payment will be \$9,750 ($\$3,900,000 \times .0025$).

The discount shall not apply and the deduction may not be taken as to any amounts paid to reconcile the account, or to any amounts received after the due date.

Monthly Clinical Cost (Includes clinical management fee) and MSP Reconciliation

CMS will provide an invoice monthly reconciling the year to date payments to year to date actual and accrued expense activity on a monthly basis. Payment for reconciled invoiced amounts will be due to CMS, by electronic transfer of funds: within six business days after the State receives the invoice. Any invoices related to MSP fees must be based on actual hours worked per their timesheets. Estimated payments will not be rendered for MSP services. If a credit is due to MDOC, CMS will issue a credit invoice and MDOC can apply to any CMS invoice.

Reconciliation of Payment

The monthly reconciliation payment to CMS will be based on actual claims paid for the reconciliation period in addition to mutually agreed upon expenses accruals for services provided within that same timeframe.

Monthly expense Accruals will be defined and adjudicated in the following manner:

1. Hospital Inpatient Facility Accruals will be determined by direct telephone contact, upon discharge of the patient, with the provider hospital to estimate actual billed facility charges for each hospitalization. Specific contractual terms will be applied to this data to determine the facility expense to be accrued.
2. Hospital Professional Expenses, Pharmacy Expenses (Low Risk) and all Outpatient Expenses will be based on a historical, Michigan Incurred But Not Reported (IBNR) model in accordance with generally accepted accounting principles (GAAP). These *models are projected* from actual expense in each category and are self-adjusting as to the payment of actual claims over a (most recent) two-year period.
3. No adjustments or modification to the IBNR models for expenses under this contract will be made, either by the State of Michigan or by CMS, as a result of current or future unrealized cost-containment strategies.

4. The parties recognize and agree that claims for services provided during the term of this agreement may continue to be received and processed by CMS after the termination of this agreement, recognized as March 31, 2008. The parties hereby agree that CMS shall have one year from the date of termination, up to and including March 31, 2009 to pay claims. All claims paid by CMS through March 31, 2009 will be invoiced on a monthly basis to the MDOC and MDOC will remit payment to CMS within 30 days. These invoices will include CMS's management fee. Unless the parties mutually agree in writing to extend the March 31, 2009 payment deadline, any claims submitted to CMS after the deadline will be denied by CMS, and these claims shall become the financial responsibility of MDOC. CMS agrees to provide reasonable assistance at no additional charge beyond the contract period to the State in resolving any such claims. CMS and the State will exercise good faith efforts to promptly resolve any such claims.
5. Fees associated with BCBS processing claims are estimated for the month of service. Since claims processed by BCBS are not available to CMS until the following month, CMS will accrue and MDOC will recognize these expenses based upon the current run rate.
6. All other expense accruals will be based upon the current run rates.

CMS Estimate of Year 11 Expenditures

CMS estimates the total expenditures for the year 11 extension (May 1, 2007 – March 31, 2008) will approximate the following:

Month of Service	Clinical Cost + Mgmt Fee (A)	Medical Service Providers (MSP)	Total
May 2007	\$ 7,800,000	\$ 975,000	\$ 8,775,000
June 2007	\$ 7,800,000	\$ 975,000	\$ 8,775,000
July 2007	\$ 7,800,000	\$ 975,000	\$ 8,775,000
August 2007	\$ 7,800,000	\$ 975,000	\$ 8,775,000
September 2007	\$ 7,800,000	\$ 975,000	\$ 8,775,000
October 2007	\$ 7,800,000	\$ 975,000	\$ 8,775,000
November 2007	\$ 7,800,000	\$ 975,000	\$ 8,775,000
December 2007	\$ 7,800,000	\$ 975,000	\$ 8,775,000
January 2008	\$ 7,800,000	\$ 975,000	\$ 8,775,000
February 2008	\$ 7,800,000	\$ 975,000	\$ 8,775,000
March 2008	\$ 7,800,000	\$ 975,000	\$ 8,775,000
Total Year 11	\$85,800,000	\$10,725,000	\$96,525,000.00

Note (A): The Clinical Cost + Management fee estimate is based upon the average of the most recent 3 months of actual experience: Dec 06 \$8.5M, Jan 07 \$7.6M, Feb 07 \$7.3M, Average \$7.8M

CCT-CMF Matrix.

Note: The Clinical Management Fee (CMF) will be calculated based on Total Clinical Cost Threshold (CCT) shown below. Inflationary increase will not apply to the associated Management Fee paid to CMS in any manner other than how the percentage rate of the fee may fluctuate based on medical expense.

Michigan Contract**Contract Pricing Thresholds****CPI Increases**

(All Medical Goods and Services, Midwest Region, Urban Average + 2.7%)

CPI % March 2007	4.1%
Per Contract	2.7%
Extension Increase	6.8%

Year 8 (April 1, 2004 thru March 31, 2005)

Extension Period Year 11 (May 1, 2007 thru March 31, 2008)

	Clinical Cost Thresholds (CCT)
14.59%	\$61,881,843
14.92%	\$60,965,543
15.25%	\$60,049,243
15.58%	\$59,132,943
15.91%	\$58,216,643
16.24%	\$57,300,343
16.58%	\$56,384,043
16.91%	\$55,467,743
17.25%	\$54,551,443

	Clinical Cost Thresholds (CCT)
14.59%	\$66,089,808
14.92%	\$65,111,200
15.25%	\$64,132,591
15.58%	\$63,153,983
15.91%	\$62,175,375
16.24%	\$61,196,766
16.58%	\$60,218,158
16.91%	\$59,239,549
17.25%	\$58,260,941

14.59%	\$101.11 PMPM
14.92%	\$99.62 PMPM
15.25%	\$98.12 PMPM
15.58%	\$96.62 PMPM
15.91%	\$95.13 PMPM
16.24%	\$93.63 PMPM
16.58%	\$92.13 PMPM
16.91%	\$90.63 PMPM
17.25%	\$89.14 PMPM

14.59%	\$107.99 PMPM
14.92%	\$106.39 PMPM
15.25%	\$104.79 PMPM
15.58%	\$103.19 PMPM
15.91%	\$101.59 PMPM
16.24%	\$99.99 PMPM
16.58%	\$98.40 PMPM
16.91%	\$96.80 PMPM
17.25%	\$95.20 PMPM

Strike the first sentence of **Section I-K**, "ACCOUNTING RECORDS," which states:

The contractor will be required to submit a Dunn & Bradstreet report to the contract administrator 90 days prior to potential contract renewal period.

Add a new sub-section to **Section I-O**, as follows:

- (g) The Contractor may cancel the Contract for default of the State. Default of the State is defined as the failure of the State to fulfill its financial obligations and make timely payments pursuant to the Contract. In case of default by the State the Contractor may upon 45 calendar days prior written notice to the State cancel the Contract without further liability to the Contractor, its officers, employees, agents, attorneys, assigns and affiliates, and hold the State responsible for any unpaid monies due and owing under the Contract, as well as any interest at the legal rate on amounts unpaid.

Strike the first sentence of **Section I-J**, "CONTRACT PAYMENT SCHEDULE", and replace it with the following:

Payments under this Contract shall be made electronically by the State on a semi-monthly basis, as follows: within six business days after the State receives the invoice. Any invoices related to MSP fees must be based on actual hours worked per their timesheets. Estimated payments will not be rendered for MSP services.

Amend **APPENDIX A**, CONTRACT PRICING, as follows:

Strike the last sentence of paragraph no. 2 of Appendix A and replace with the following:

The payment shall be electronically transferred to CMS in accordance with Section I-J of the Contract and the schedule contained in Appendix A as revised in this Change Notice.

Strike the third sentence of paragraph no. 3 [sic] and replace with the following:
The payment shall be electronically transferred to CMS in accordance with paragraph I-J of the Contract and the schedule contained in Appendix A as revised in this Change Notice.

Appendix F will be revised to include the following:

Additional Report Request:

CMS will submit electronic copies of BCBS High Risk Network Fee details and Low Risk Expenditure details on a monthly basis. Currently, these reports are submitted by hard copies annually for year-end reconciliation. This will assist the State in better financial monitoring of total expenditures.

Add a new Section I-HH – Electronic Payment Availability

Public Act 533 of 2004 requires that payments under this Contract be processed by electronic funds transfer (EFT). Contractor is required to register to receive payments by EFT at the Contract & Payment Express website (www.cpexpress.state.mi.us).

Add a new Section I-II - Rights and Obligations upon Termination

If the Contract is terminated for any reason, 40 calendar days in advance of the termination date, the Contractor will provide complete details of all subcontract agreements to facilitate the State approaching all subcontractors to continue services under new contracts directly with the State. The Contractor will in no way impede the State or the subcontractors in these efforts.

Add a new Section I-JJ - Continued Performance

Each party agrees to continue performing its obligations under the Contract while a dispute is being resolved except to the extent the issue in dispute precludes performance and without limiting either party's right to terminate the Contract as provided in Section I-O, as the case may be.

All other terms and conditions remain as stated in the attached contract document.

AUTHORITY/REASON:

Per the request of the Department of Corrections, approval of the State Budget Office, Administrative Board, and Department of Management and Budget.

Elise Lancaster, Director, Purchasing
Operations Signature

Richard H. Miles – President and CEO of CMS
Signature

TOTAL ESTIMATED INCREASED CONTRACT VALUE: \$668,944,122.23

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS

April 13, 2007

P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 25 (REVISED)
TO

CONTRACT NO. 071B7000384

between

THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345 fgiampa@cmsstl.com		VENDOR NUMBER (2) 43-1281312 (002)
		BUYER/CA (517) 373-8530 Rebecca Nevai
Contract Compliance Inspector: Barry Wickman Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD	From: April 1, 1997	To: May 1, 2007
TERMS Net 30 Days	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE (S):

Effective March 28, 2007, the following TEMPORARY change is made to the Contract:

The pay rate for one Physician at Jackson Medical Facility (JMF) may be increased to up to \$203.41, per court order. This is a temporary change, and the pay rate will return to

the normal rate when the position is transferred from JMF.

Effective March 28, 2007, the Department of Corrections Contract Administrator/Contract Compliance Inspector is changed to Barry Wickman. All other terms and conditions remain unchanged.

AUTHORITY/REASON:

Per the request of the Department of Corrections, and the approval of the Department of Management and Budget.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$566,944,122.23

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS

March 28, 2007

P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 25
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345 fgiampa@cmsstl.com	TELEPHONE Dr. Franklyn Giampa (517) 381-9197
	VENDOR NUMBER (2) 43-1281312 (002)
	BUYER/CA (517) 373-8530 Rebecca Nevai
Contract Compliance Inspector: Barry Wickman Statewide Managed Health Care Services for Prisoners - Department of Corrections	
CONTRACT PERIOD From: April 1, 1997 To: May 1, 2007	
TERMS Net 30 Days	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE (S):

Effective March 28, 2007, the following TEMPORARY change is made to the Contract:

The pay rate for one Physician at Jackson Medical Facility (JMF) is increased to \$203.41, per court order. This is a temporary change, and the pay rate will return to the normal

rate when the position is transferred from JMF.

Effective March 28, 2007, the Department of Corrections Contract Administrator/Contract Compliance Inspector is changed to Barry Wickman. All other terms and conditions remain unchanged.

AUTHORITY/REASON:

Per the request of the Department of Corrections, and the approval of the Department of Management and Budget.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$566,944,122.23

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS

March 16, 2007

P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 24
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345 fgiampa@cmsstl.com		VENDOR NUMBER (2) 43-1281312 (002)
		BUYER/CA (517) 373-8530 Rebecca Nevai
Contract Compliance Inspector: Ray Tamminga Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD	From: April 1, 1997	To: May 1, 2007
TERMS Net 30 Days	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

NATURE OF CHANGE (S):

Effective March 14, 2007, this Contract is INCREASED by \$28,556,597.84.

All other terms and conditions remain unchanged.

AUTHORITY/REASON:

Per the request of the Department of Corrections, approval of the Administrative Board, and the Department of Management and Budget.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$566,944,122.23

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS

November 27, 2006

P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 23
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345 fgiampa@cmsstl.com	TELEPHONE Dr. Franklyn Giampa (517) 381-9197
	VENDOR NUMBER (2) 43-1281312 (002)
	BUYER/CA (517) 373-8530 Rebecca Nevai
Contract Compliance Inspector: Ray Tamminga Statewide Managed Health Care Services for Prisoners - Department of Corrections	
CONTRACT PERIOD From: April 1, 1997 To: May 1, 2007	
TERMS Net 30 Days	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE (S):

Effective immediately, the Buyer for this Contract is Rebecca Nevai (517) 373-8530. No other changes in terms and conditions.

AUTHORITY/REASON:

Per DMB/Purchasing Operations approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$538,387,524.89

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

November 21, 2006

CHANGE NOTICE NO. 22
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197		
Correctional Medical Services, Inc. (CMS)		VENDOR NUMBER		
12647 Olive Boulevard		(2) 43-1281312 (002)		
St. Louis, MO 63141-6345		BUYER/CA (517) 241-4225		
fgiampa@cmsstl.com		Kevin Dunn		
Contract Compliance Inspector: Ray Tamminga				
Statewide Managed Health Care Services for Prisoners - Department of Corrections				
CONTRACT PERIOD	From: April 1, 1997	To: May 1, 2007		
TERMS	SHIPMENT			
Net 30 Days	N/A			
F.O.B.	SHIPPED FROM			
N/A	N/A			
MINIMUM DELIVERY REQUIREMENTS				
N/A				

NATURE OF CHANGE (S):

Section I-M (7) of the Contract is changed to read as follows:

“Insurance for Medical Professional liability for subcontracted specialty physicians and

medical services with a limit of not less than \$200,000.00 per occurrence and, where applicable, \$600,000.00 annual aggregate.” All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per DOC and DMB/Purchasing Operations approval.

TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$538,387,524.89

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
PURCHASING OPERATIONS
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

May 15, 2006

CHANGE NOTICE NO. 21
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345 fgiampa@cmsstl.com	TELEPHONE Dr. Franklyn Giampa (517) 381-9197
	VENDOR NUMBER (2) 43-1281312 (002)
	BUYER/CA (517) 241-4225 Kevin Dunn
Contract Compliance Inspector: Ray Tamminga Statewide Managed Health Care Services for Prisoners - Department of Corrections	
CONTRACT PERIOD From: April 1, 1997 To: May 1, 2007 *	
TERMS Net 30 Days	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

NATURE OF CHANGE (S):

Effective May 1, 2006 this Contract is hereby INCREASED by \$67,000,000.00. All other terms, conditions, specifications and pricing remain unchanged.

Please Note the DMB/Purchasing Operations Buyer has been changed to Kevin Dunn.

AUTHORITY/REASON:

Per agency request and DMB/Purchasing Operations approval.

INCREASE: \$67,000,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$538,387,524.89

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

December 28, 2005

CHANGE NOTICE NO. 20
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
Correctional Medical Services, Inc. (CMS)		VENDOR NUMBER
12647 Olive Boulevard		(2) 43-1281312 (002)
St. Louis, MO 63141-6345		BUYER/CA (517) 241-1647
fgiampa@cmsstl.com		Irene Pena
Contract Compliance Inspector: Ray Tamminga		
Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD	From: April 1, 1997	To: May 1, 2007 *
TERMS	Net 30 Days	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

* With the option to extend for an additional 2 (two) year period.

NATURE OF CHANGE (S):

Effective immediately this Contract is hereby INCREASED by \$22,532,611.00. All other terms, conditions, specifications and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (Barry Wickman) and DMB/Acquisition Services approval.

INCREASE: \$22,532,611.00

TOTAL	REVISED	ESTIMATED	CONTRACT	VALUE:	\$471,387,524.89
--------------	----------------	------------------	-----------------	---------------	-------------------------

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

September 7, 2005

CHANGE NOTICE NO. 19
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
Correctional Medical Services, Inc. (CMS)		VENDOR NUMBER
12647 Olive Boulevard		(2) 43-1281312 (002)
St. Louis, MO 63141-6345		BUYER/CA (517) 241-1647
fgiampa@cmsstl.com		Irene Pena
Contract Compliance Inspector: Ray Tamminga		
Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD	From: April 1, 1997	To: May 1, 2007 *
TERMS	Net 30 Days	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

* With the option to extend for an additional 2 (two) year period.

NATURE OF CHANGE (S):

Effective August 16, 2005, this contract is hereby **INCREASED** by \$17,000,000.00.

All other terms, conditions, specifications and pricing remain unchanged.

AUTHORITY/REASON:

Per DMB/Acquisition Services approval.

INCREASE: \$17,000,000.00

TOTAL	REVISED	ESTIMATED	CONTRACT	VALUE:	\$448,854,913.78
--------------	----------------	------------------	-----------------	---------------	-------------------------

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

September 15, 2004

CHANGE NOTICE NO. 18
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
Correctional Medical Services, Inc. (CMS)		VENDOR NUMBER
12647 Olive Boulevard		(2) 43-1281312 (002)
St. Louis, MO 63141-6345		BUYER/CA (517) 241-1647
fgiampa@cmsstl.com		Irene Pena
NIGP #948-46 Contract Compliance Inspector: Ray Tamminga CS-138 #472S8000078		
Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD	From: April 1, 1997	To: May 1, 2007 *
TERMS	Net 30 Days	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

* With the option to extend for an additional 2 (two) year period.

NATURE OF CHANGE (S):

Effective September 14, 2004, this contract is hereby INCREASED by \$79,500,000.00.

All other terms, conditions, specifications and pricing remain unchanged.

AUTHORITY/REASON:

Per DMB/Acquisition Services approval.

INCREASE: \$79,500,000.00

TOTAL	REVISED	ESTIMATED	CONTRACT	VALUE:	\$431,854,913.78
--------------	----------------	------------------	-----------------	---------------	-------------------------

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

July 23, 2004

CHANGE NOTICE NO. 17
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345 fgiampa@cmsstl.com		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
		VENDOR NUMBER (2) 43-1281312 (002)
		BUYER/CA (517) 241-1647 Irene Pena
NIGP #948-46 Contract Compliance Inspector: Ray Tamminga CS-138 #472S8000078 Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD From: April 1, 1997 To: May 1, 2007 *		
TERMS Net 30 Days	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

* With the option to extend for an additional 2 (two) year period.

NATURE OF CHANGE (S):

Effective immediately, this contract is hereby INCREASED by \$4,421,784.00.

All other terms, conditions, specifications and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (Bidhan Redey) and DMB/Acquisition Services approval.

INCREASE: \$4,421,784.00

TOTAL	REVISED	ESTIMATED	CONTRACT	VALUE:	\$352,354,913.78
--------------	----------------	------------------	-----------------	---------------	-------------------------

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

February 25, 2004

CHANGE NOTICE NO. 16
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345 fgiampa@cmsstl.com		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
		VENDOR NUMBER (2) 43-1281312 (002)
		BUYER (517) 241-1647 Irene Pena
NIGP #948-46 Contract Administrator: Ray Tamminga CS-138 #472S8000078 Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD From: April 1, 1997 To: May 1, 2007 *		
TERMS Net 30 Days	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

* With the option to extend for an additional 2 (two) year period.

NATURE OF CHANGE (S):

Effective immediately, Section II-C B, F Prisoner Health Records #5 page 35 the entire sentence is deleted and replaced with: "CMS agrees to provide additional training and coaching in 2004 for the remaining sites that have not had the electronic record

implemented as of December 31, 2003 as spelled out in Appendix H of this Contract. Funding for this training shall come from savings generated from utilization of CMS Managed Health Care Services.”

Also, Appendix H is hereby incorporated into this Contract and the Contract Administrator is changed to Ray Tamminga.

AUTHORITY/REASON:

Per agency request (Ray Tamminga) on 2/18/04 and DMB/ACQUISITION SERVICES approval.

TOTAL	ESTIMATED	CONTRACT	VALUE:	\$347,933,129.77
--------------	------------------	-----------------	---------------	-------------------------

APPENDIX H

Training Block Cost \$900 per day/per person

- Includes all travel and administrative expenses;
- A training block includes one person for five eight-hour days of training plus 2 half-days for travel, set-up and coordination;
- Approved training hours in excess of 40 per block will be billed at \$85/hour (e.g., request made for personnel to extend beyond 8 hours on the scheduled day-does not include additional days added on at request of DOC, which are at the full rate);
- Number of sites and training blocks per site must be set by February 20, 2004. Consistent and regular weekly scheduling of training is required to maintain staff and complete project by date noted below. As such, training schedules and user information must be completed and provided 21 days in advance;
- Substitution of scheduled sites is permitted on a same date, one-for-one basis, but CMS will be reimbursed non-refundable charges or charges for itinerary changes (e.g., airfare change penalties), if any;
- Training cancellations, without reschedule at a separate facility on the same date, will result in a per day charge of 50% of the agreed upon rate (as noted above);
- A minimum of 31 training blocks are currently anticipated; and,
- All training blocks will be completed by December 31, 2004.

Coaching Block Cost \$1,000 per day/per person

- Includes all travel and administrative expenses;
- A training block includes two people for four eight-hour days of training, equipment verification and adjustment, plus 2 half-days for travel and coordination;
- Approved coaching hours in excess of 40 per block will be billed at \$85/hour (e.g., request made for personnel to extend beyond 8 hours on the scheduled day-does not include additional days added on at request of DOC, which are at the full rate);
- Number of sites and training blocks per site must be set by February 20, 2004. Consistent and regular weekly scheduling of coaching is required to maintain staff and complete project by date noted below. As such, coaching schedules and user information must be completed and provided 21 days in advance;
- Substitution of scheduled sites is permitted on a same date, one-for one basis, but CMS will be reimbursed non-refundable charges or charges for itinerary changes (e.g., airfare change penalties), if any;
- Coaching cancellations, without reschedule at a separate facility on the same date, will result in a per day charge of 50% of the agreed upon rate (as noted above);
- A minimum of 31 coaching blocks are currently anticipated; and,
- All coaching blocks will be completed by December 31, 2004.

Changes in schedule due to CMS equipment failure or failure of CMS to deliver training and/or coaching will not be at the expense of MDOC. Parties will develop a mutual schedule to replace training and/or coaching at no additional cost to MDOC.

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
ACQUISITION SERVICES
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

January 15, 2004

CHANGE NOTICE NO. 15
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197		
Correctional Medical Services, Inc. (CMS)		VENDOR NUMBER		
12647 Olive Boulevard		(2) 43-1281312 (002)		
St. Louis, MO 63141-6345		BUYER (517) 241-1647		
fgiampa@cmsstl.com		Irene Pena		
NIGP #948-46 Contract Administrator: Richard Russell CS-138 #472S8000078				
Statewide Managed Health Care Services for Prisoners - Department of Corrections				
CONTRACT PERIOD	From: April 1, 1997	To: May 1, 2007 *		
TERMS	SHIPMENT			
Net 30 Days	N/A			
F.O.B.	SHIPPED FROM			
N/A	N/A			
MINIMUM DELIVERY REQUIREMENTS				
N/A				

* With the option to extend for an additional 2 (two) year period.

NATURE OF CHANGE (S):

Effective January 1, 2004, the attached restated contract is hereby incorporated into this document. This restated contract supersedes all previous restated contract

documents.

AUTHORITY/REASON:

Per agency and vendor agreement.

TOTAL ESTIMATED CONTRACT VALUE: \$347,933,129.77

**TABLE OF CONTENTS
CONTRACT #071B7000384**

SECTION I - CONTRACTUAL TERMS AND CONDITIONS

I-C	<u>STATE'S CONTRACT ADMINISTRATORS</u>	38
I-D	<u>TERM OF CONTRACT</u>	39
I-E	<u>COST LIABILITY</u>	39
I-F	<u>PRIME CONTRACTOR RESPONSIBILITIES</u>	39
I-G	<u>NEWS RELEASE(S)</u>	40
I-J	<u>CONTRACT PAYMENT SCHEDULE</u>	40
I-L	<u>INDEMNIFICATION</u>	41
I-M	<u>CONTRACTOR'S LIABILITY INSURANCE</u>	43
I-N	<u>LITIGATION</u>	45
I-O	<u>CANCELLATION</u>	46
I-Q	<u>DELEGATION</u>	47
I-R	<u>NON-DISCRIMINATION CLAUSE</u>	48
I-S	<u>PRICE PROPOSAL</u>	48
I-T	<u>MODIFICATION OF SERVICE</u>	48
I-FF	<u>GOVERNING LAW</u>	53

SECTION II - WORK STATEMENT

II-A	BACKGROUND/PROBLEM STATEMENT	13
II-B	OBJECTIVES	14
II-C	SPECIFICATIONS	15

SECTION III - CONTRACTOR INFORMATION

III-A	BUSINESS ORGANIZATION	28
III-B	AUTHORIZED CONTRACTOR EXPEDITER	28

APPENDICES

- A CONTRACT PRICING**
- B ESSENTIAL OUTCOMES**
- C MSP CLINICAL DUTIES AND RESPONSIBILITIES**
- D REQUIRED TRAINING**
- E CREDENTIALING CRITERIA**
- F REPORTING**
- G DURABLE MEDICAL GOODS**

DEFINITION OF TERMS**CONTRACT #071B7000384**

TERMS	DEFINITIONS
Managed Health Network Services	The system of providers and services of the Contractor which supplements the services provided by the State to provide all necessary and appropriate higher level health care services to prisoners.
Management Fee	The amount paid to Contractor to cover corporate support and provide financial return on contract administration. The formula for calculating the Management Fee is defined in Appendix A.
Per Member Per Month	The unit price commonly used in capitated managed care systems; the rate charged by the Contractor for all covered services. (abr. PMPM)
CMO	Chief Medical Officer employed by the MDOC whose duties include monitoring this contract.
RMO	Regional Medical Officer(s) employed by the MDOC whose duties include monitoring this contract.
RHA	Regional Health Administrator(s) employed by the MDOC whose duties include monitoring this contract.
Bureau of Health Care Services	The bureau within the Department of Corrections responsible for providing health care to prisoners.
Criteria-Based Review (CBR)	A system of prior review for off-site referral requests generated by the Department's MSPs; designed to allow only necessary and appropriate referrals to higher level providers.
Telemedicine	The viewing of patients for the purpose of health evaluation or follow-up by a physician from a distant site with the aid of visual telecommunications equipment.

Contract	The agreement entered into between the State and CMS.
ER	Emergency Room
MSP	Medical Service Provider; physicians, physicians assistants, and nurse practitioners
Mid-level providers	Physician assistants, and nurse practitioners
UM	Utilization Management
UR	Utilization Review
Contractor	Correctional Medical Services, Incorporated also know as the "Prime Contractor."
DMB	The Department of Management and Budget
DOC OR MDOC	The Department of Corrections or Michigan Department of Corrections
State	The State of Michigan.
MDOC Contact Administrator	MDOC staff responsible for all programmatic aspects of contract oversight.
MDOC Fiscal Administrator	MDOC staff responsible for oversight of all fiscal matters related to this contract.
Off-Shift	Outside of the normal 5 weekday day-shift work hours.
Target Administrative Cost	The agreed upon cost for direct contract expenses including Michigan Regional office overhead and salaries, allocations for telecommunications, and information systems maintenance. This excludes any allocation of corporate program support and overhead.

Target MSP Cost	The agreed upon cost for the contractually defined number of full-time equivalent MSP positions including fees and professional liability.
Clean Claim	A health care claim that has been submitted on a standard billing form, is complete, accurate, and is not for unbundled services or duplicate claims. A claim is not “clean” until it has been reviewed by the contractor, passes all screens, and is entered into the contractor’s computer system. Generally it takes approximately 5 working days during the payment process to identify a claim as clean.
Target Clinical Cost	The agreed upon cost per prisoner for clinical services in a given contract year multiplied by the number of prisoners in that same year.
Secure Unit	An inpatient acute care hospital unit built to MDOC Security Level 5 specifications within a community hospital. The unit provides safe access to secondary and tertiary care not available within MDOC facilities.
DOM	Director’s Operating Memorandum; issued by the Director of MDOC to clarify, or, in rare cases and under unusual circumstances give exception to Department policy.

SECTION I

CONTRACTUAL TERMS & CONDITIONS

I-A PURPOSE

The State of Michigan, Department of Management and Budget, Office of Acquisition Services, being the Contracting Authority for the State, hereby extends this Contractual Agreement with Correctional Medical Services, Incorporated (CMS), on behalf of Michigan Department of Corrections. The terms and conditions cited herein shall replace all previous terms and conditions except for Change Notice # 10 for the Electronic Prisoner Health Record.

The purpose of this agreement is to obtain the services of the Contractor to provide statewide managed health network services for a subset of prisoners under the charge of Michigan Department of Corrections.

I-B ISSUING OFFICE

This Contract is issued by the State of Michigan, Department of Management and Budget (DMB), Office of Acquisition Services, hereafter known as the Office of Acquisition Services, on behalf of Michigan Department of Corrections (MDOC). Where actions are a combination of those of the Office of Acquisition Services and MDOC the authority will be known as the State.

The Office of Acquisition Services is the sole point of contact in the State with regard to changes, modifications, amendments, or other alterations of the terms, conditions, specifications, and/or prices of this Contract. Upon return of the signed Contract Agreement by the Contractor to Office of Acquisition Services, the Issuing Office will delegate by letter the administration of this Contract to the Contract Administrator named in Paragraph I-C below. Until such time as that delegation is made, the Issuing Office remains the Contractor's sole point of contact in the State. Communication with the Issuing Office will be addressed to:

Ms. Irene Pena, CPPB
Office of Acquisition Services, Department of Management & Budget
P.O. Box 30026
Lansing, MI 48909

I-C STATE'S CONTRACT ADMINISTRATORS

Upon receipt at the Office of Acquisition Services of the properly executed Contract, it is

anticipated that the Director of Purchasing will direct that the persons named below be authorized to administer the Contract for the State on a day-to-day basis during the term of the agreement. However, administration of this Contract implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such Contract. That authority is retained by the Office of Acquisition Services. The State's Contract Administrator for this project is:

Fiscal Administrator:

Barry Wickman
Administrator
Bureau of Fiscal Management
Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909

Contract Administrator:

Raymond Tamminga, Operations
Administrator
Bureau of Health Care Services
Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909

I-D TERM OF CONTRACT

The total Contract covers a 10 year period beginning April 1, 1997 and ending on March 31, 2007, with the option to renew for one additional four year period. The State fiscal year is October 1st through September 30th. Payments in any given fiscal year are contingent upon and subject to enactment of legislative appropriations. This is a mixed reimbursement mechanism Contract; see Section I-J and Appendix A

I-E COST LIABILITY

The State of Michigan assumes no responsibility or liability for costs incurred by the Contractor prior to the signing of this Contract. Total liability of the State is limited to the terms and conditions of this Contract.

I-F PRIME CONTRACTOR RESPONSIBILITIES

The Prime Contractor will be required to assume responsibility for all contractual

activities offered in this proposal whether or not that Contractor performs them. Further, the State will consider the Prime Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from this Contract. If any part of the work is to be subcontracted, the Contractor is required to provide the State a current updated list of subcontractors, including firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor's organizational abilities. The State reserves the right to approve subcontractors for this project and to require the Primary Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract.

I-G NEWS RELEASE(S)

News release(s) pertaining to this document or the services, study, data, or project to which it relates will not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the program are to be released without prior approval of the State and then only to persons designated by the State to receive the results.

I-H CONFIDENTIALITY

The Contractor, its employees, agents and subcontractors will be bound by the same standards of confidentiality as State employees. Contractor may not release to any parties any patient data or other information concerning this Contract without written approval of the Contract Administrator unless otherwise required by law.

I-I DISCLOSURE

All information in the Contractor's proposal and this Contract is subject to the provisions of the Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, *et seq.*

I-J CONTRACT PAYMENT SCHEDULE

Payments under this contract shall be made electronically by the State on a monthly basis by the 15th of the month according to the mechanism in **Appendix A**. Payments in any given fiscal year are contingent upon and subject to enactment of legislative appropriations.

I-K ACCOUNTING RECORDS

The Contractor will be required to submit a Dunn & Bradstreet report to the Contract Administrator 90 days prior to potential Contract renewal period. The Contractor will be required to maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Department of Auditor General at any time during the Contract period and any extension thereof, and for three (3) years from expiration date and final payment on the Contract or extension thereof.

I-L INDEMNIFICATION**1. General Indemnification**

The Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

- (a) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of or resulting from (1) the services and/or products provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract;
- (b) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
- (c) any claim, demand, action, citation, or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of, or related to occurrences that the Contractor is

required to insure against as provided for in this Contract;

- (d) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss, or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury, or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
- (e) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

2. Patent/Copyright Infringement Indemnification

The Contractor shall indemnify, defend and hold harmless the State, its departments, division, agencies, sections, commissions, officers, employees, and agents from and against all loses, liabilities, penalties, fines, damages (including taxes), and all related costs and expenses (including attorney's fees, disbursements, costs of investigation, litigation, settlement, judgments, interest, and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity, or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the

Contractor's sole opinion, be likely to become the subject of a claim of infringement, the Contractor shall, at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimbursement the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

3. Indemnification Obligation Not Limited

In any and all claims against the State Of Michigan, or any of its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts or other employee benefits acts. This indemnification clause is intended to be comprehensive, Any overlap in subclauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other subclause.

4. Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and effect notwithstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions which occurred prior to termination.

I-M CONTRACTOR'S LIABILITY INSURANCE

The Contractor shall purchase and maintain such insurance as will protect him/her from claims set forth below which may arise out of or result from the Contractor's this

agreement, whether such work is performed by himself/herself or by any subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable including but not limited to:

- (1) Claims under workers' disability compensation, disability benefit and other similar employee benefit act. A non-resident Contractor shall have insurance for benefits payable under Michigan's Workers' Disability Compensation Law for any employee resident of and hired in Michigan; and as respects any other employee protected by workers' disability compensation laws of any other state the Contractor shall have insurance or participate in a mandatory state fund to cover the benefits payable to any such employee.
- (2) Claims for damages because of bodily injury, occupational sickness or disease, or death of his/her employees.
- (3) Claims for damages because of personal injury, bodily injury, sickness or disease, or death of any person other than his/her employees, subject to limits of liability of not less than \$1,000,000.00 each occurrence and, when applicable \$2,000,000.00 annual aggregate, for non-automobile hazards and as required by law for automobile hazards.
- (4) Claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom, subject to a limit of liability of not less than \$50,000.00 each occurrence for non-automobile hazards and as required by law for automobile hazards.
- (5) Insurance for Subparagraphs (3) and (4) non-automobile hazards on a combined single limit of liability basis shall not be less than \$1,000,000.00 each occurrence and when applicable, \$2,000,000.00 annual aggregate.
- (6) Insurance for Medical Professional liability for MSPs with a limit of not less than \$ 1,000,000 per occurrence and, where applicable, \$ 3,000,000 annual aggregate.
- (7) Insurance for Medical Professional liability for subcontracted

specialty physicians and medical services with a limit of not less than \$300,000 per occurrence and, where applicable, \$600,000 annual aggregate.

All insurance shall be written for not less than any limits of liability herein specified or required by law, whichever is greater, and shall include contractual liability insurance as applicable to the Contractor's obligations under the Indemnification clause of the Contract Purchase Order. The Contractor shall name the State of Michigan as an additional insured with the intent that any changes made in the insurance by Contractor are immediately conveyed to the State of Michigan. To facilitate concurrent MDOC notification of changes made by the Insurer at the request of the Contractor, the Contractor must supply their insurer with the name and address of the MDOC Contract Administrator.

BEFORE STARTING WORK THE CONTRACTOR'S INSURANCE AGENCY MUST FURNISH TO THE DIRECTOR OF THE OFFICE OF ACQUISITION SERVICES, ORIGINAL CERTIFICATE(S) OF INSURANCE VERIFYING LIABILITY COVERAGE. THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING. These Certificates shall contain a provision that coverage's afforded under the policies will not be canceled until at least fifteen days prior written notice bearing the Contract Number or Purchase Order Number has been given to the Director of Purchasing.

I-N LITIGATION

The State, its departments, and its agents shall not be responsible for representing or defending the Contractor, Contractor's personnel, or any other employee, agent, or subcontractor of the Contractor, named as a defendant in any lawsuit or in connection with any tort claim.

The State and the Contractor agree to make all reasonable efforts to cooperate with each other in the defense of any litigation brought by any person or persons not a party to the Contract.

The Contractor shall submit quarterly litigation reports to the "Issuing Office" the State's

Contract Administrator providing the following detail for all Michigan civil litigation in which the Contractor or the Contractor's insurers or insurance agent are parties:

Case number and Docket number
Name of plaintiff(s) and defendant(s)
Names and addresses of all counsel appearing
Nature of claim
Status of case

The provisions of this section shall survive the expiration or termination of the Contract.

I-O CANCELLATION

- (a) The State may cancel the Contract for default of the Contractor. Default is defined as the failure of the Contractor to fulfill the obligations of the quotation or Contract. In case of default by the Contractor, the State may immediately and/or upon 30 days prior written notice to the Contractor cancel the Contract without further liability to the State, its departments, divisions, agencies, sections, commissions, officers, agents and employees, and procure the services from other sources, and hold the Contractor responsible for any excess costs occasioned thereby.
- (b) The State may cancel the Contract in the event the State no longer needs the services or products specified in the Contract, or in the event program changes, changes in laws, rules or regulations, relocation of offices occur, or the State determines that statewide implementation of the Contract is not feasible, or if prices for additional services requested by the State are not acceptable to the State. The State may cancel the Contract without further liability to the State, its departments, divisions, agencies, sections, commissions, officers, agents and employees by giving the Contractor written notice of such cancellation 30 days prior to the date of cancellation.
- (c) The State may cancel the Contract for lack of funding. The Contractor acknowledges that, if this Contract extends for several fiscal years, and that continuation of this Contract is subject to appropriation of funds for this project. If

funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State shall have the right to terminate this Contract without penalty at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to the Contractor. The State shall give the Contractor written notice of such non-appropriation within 30 days after it receives notice of such non-appropriation.

- (d) The State may immediately cancel the Contract without further liability to the State its departments, divisions, agencies, sections, commissions, officers, agents and employees if the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under state or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects on the Contractor's business integrity.
- (e) The State may immediately cancel the Contract in whole or in part by giving notice of termination to the Contractor if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, Section 5, and Civil Service Rule 4-6.
- (f) The State may, with 30 days written notice to the Contractor, cancel the Contract in the event prices proposed for Contract modification/extension are unacceptable to the State. See Sections I-S Price Proposal, and I-T, Modification of Service.

I-P ASSIGNMENT

The Contractor shall not have the right to assign this Contract or to assign or delegate any of its duties or obligations under this Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the State Purchasing Director.

I-Q DELEGATION

The Contractor shall not delegate any duties or obligations under this Contract to a subcontractor other than a subcontractor named in the bid unless the State Purchasing Director has given written consent to the delegation.

I-R NON-DISCRIMINATION CLAUSE

In the performance of any Contract or purchase order resulting herefrom, the bidder agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental handicap or disability. The bidder further agrees that every subcontract entered into for the performance of any Contract or purchase order resulting herefrom will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2201, *et seq*, and the Michigan Handicapper's Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, *et seq*, and any breach thereof may be regarded as a material breach of the Contract or purchase order.

I-S PRICE PROPOSAL

Adjustment for extension proposed by the Contractor must be submitted to the MDOC Contract Administrator and the DMB Office of Acquisition Services 120 days prior to proposed renewal. In the event new prices are not acceptable, the Contract may be canceled pursuant to Section I-N (f) above.

I-T MODIFICATION OF SERVICE

The Director of Purchasing reserves the right to modify this service during the course of this Contract. Such modification may include adding or deleting tasks that this service shall encompass and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the requested changes are subject to acceptance by the state. Changes may be increases or decreases. In the event

new prices are not acceptable, the Contract may be canceled pursuant to Section I-N (f) above.

IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT MAY BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATIONS.

I-U RIGHT TO NEGOTIATE EXPANSION

The State reserves the unilateral right to negotiate expansion of the services outlined within this Contract to accommodate the related additional needs of the MDOC or service needs of additional selected State agencies.

Such expansion shall be limited to those situations approved and negotiated by the Department of Management and Budget, Office of Acquisition Services at the request of the MDOC or another State agency. The Contractor shall be obliged to expeditiously evaluate and respond to specified needs submitted by the Office of Acquisition Services with a proposal outlining requested services and pricing. All pricing for expanded services shall be shown to be consistent with the cost elements and/or unit pricing of the original, primary Contract, if applicable.

In the event that a Contract expansion proposal is accepted by the State, the Office of Acquisition Services shall issue a Contract Change Notice to the Contractor as notice to the Contractor to provide the work specified. Compensation is not allowed the Contractor until such time as a Contract Change Notice is issued.

I-W MODIFICATIONS, CONSENTS, AND APPROVALS

This Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties hereto, and any breach or default by **a party shall not be waived or released other than in writing signed by the other party.**

I-X ENTIRE AGREEMENT AND ORDER OF PRECEDENCE

The following documents constitute the complete and exclusive agreement between the parties as it relates to this transaction:

In the event of any conflict among the documents making up the Contract, the following order of precedence shall apply (in descending order of precedence):

- A. This Contract Agreement.
- B. Change Order #10, effective date 11/06/01.

In the event of any conflicts between the specifications, terms, and conditions indicated by the State and those indicated by the Contractor, those of the State take precedence.

This Contract supercedes all proposals or other prior agreements, oral or written, and all other communications between the parties relating to this subject.

I-Y NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of this Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

I-Z SEVERABILITY

Each provision of this Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

I-AA HEADINGS

Captions and headings used in this Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

I-BB RELATIONSHIP OF THE PARTIES (INDEPENDENT CONTRACTOR)

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

I-CC NOTICES

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission via telefacsimile machine if a copy of the notice is sent by another means specified in this Section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system. Address and "Attention" lines to be used are as indicated below:

Issuing Office Contact:

Ms. Irene Pena

Office of Acquisition Services, Department of
Management & Budget

P.O. Box 30026

Lansing, MI 48909

(517) 373-2467

MDOC's Fiscal Administrator:

Mr. Barry Wickman

Office of Fiscal Management
Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909
(517) 373-4568

MDOC's Operations Administrator:

Mr. Raymond Tamminga, Operations Administrator

Bureau of Health Care Services
Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909
(517) 373-3629

Contractor's Expediter:

Mr. N. Reed Heflin

President, Central Division
Correctional Medical Services, Incorporated
12647 Olive Boulavard
P.O. Box 419052
St. Louis, Missouri 63141
314-919-9708

Either party may change its address where notices are to be sent by giving written notice in accordance with this Section.

I-DD UNFAIR LABOR PRACTICES

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to Section 2 of the Act. A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to Section 4 of 1980 Public Act 278, MCL 423.324, the State

may void any Contract if, subsequent to award of the Contract, the name of

the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.

I-EE SURVIVOR

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of this Contract regardless of the reason for expiration/cancellation.

I-FF GOVERNING LAW

This Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan.

I-GG YEAR 2000 SOFTWARE COMPLIANCE

The vendor warrants that all software which the vendor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure year 2000 compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stores in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any

State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

SECTION II WORK STATEMENT

II-A **BACKGROUND/PROBLEM STATEMENT**

The MDOC has as its primary mission the protection of the public through lawfully incarcerating State prisoners at any required custody level in a humane, cost efficient manner consistent with sound correctional principles and Constitutional standards. Its obligation extends to the provision of medically necessary health care to prisoners under its custody. Through its Bureau of Health Care Services (BHCS) the MDOC has made a commitment to provide a system for delivery of cost-effective, comprehensive health care characterized by quality and timely access to necessary care. The prisoner population to be covered under this contract at the beginning of this extension will be approximately 51,000.

II-B **OBJECTIVES**

CMS shall maintain and/or improve the established managed health care system for purchased health services in an efficient manner. Services shall include:

1. all **medically necessary community-based hospital care,**
2. all **necessary physician specialist care,** whether inpatient or outpatient,
3. all **medical transport, all outpatient specialty services, and all necessary ancillary services,**
4. **emergency services for prisoners** through affiliations with local hospitals close to each correctional facility.
5. **network development** to provide sufficient specialists to accommodate MDOC prisoner need,

6. a **Criteria-Based Review System** to promote the appropriate use of health care resources.
7. a **pre-payment claims review system** designed to eliminate duplicate billing, un-bundling of services, and other common billing errors. Payment for all clean claims shall be provided to CMS vendors within 45 days of receipt of the clean claim, unless otherwise agreed to by the vendor.
8. a system for providing **medically necessary health care for prisoners in Camps, SAI, TRV's, Corrections Center, and for prisoners on Electronic Monitoring.**
9. a 20-25 bed **secure unit** in a community hospital within 20 minutes (by ground travel) of the MDOC's Duane L. Waters (DLW) Hospital,
10. **specialty clinic providers** for the specialty clinics located at Duane L. Waters Hospital,
11. coordinated medical **staffing for DLW Hospital inpatients, outpatients, and emergency room patients,**
12. **evening, night, weekend, and holiday medical triage for ambulatory care facilities** through CMS DLW medical staff,
13. **renal and peritoneal dialysis services** (nephrologist and nursing) services to prisoners through the MDOC dialysis unit and inpatient services at a nearby hospital at which the nephrologist has privileges,
14. sufficient **anesthesiologist/nurse anesthetist services** to accommodate maximum use of the Operating Rooms at DWH,
15. regular **reporting** of utilization and quality

management information,

16. all medically necessary primary care **MSPs** at all MDOC service sites.
17. **Durable Medical Goods** as defined as further defined in Section II-C and Appendix G.

Each of these areas is explained in **Section II-C., Specifications**, below. **All professional services provided under this contract must be provided by properly credentialed individuals or agencies.**

II-C. SPECIFICATIONS

A. Managed Network Services

1. Medically necessary community-based hospital and ancillary care

- a. CMS shall sustain the provider hospital and ancillary care network established under this contract such that it maintains or improves the access and quality of care for all MDOC prisoners while reducing MDOC cost, and security issues for the community. Planned changes in the network shall be made only with advance notification to the Department of Corrections and are subject to Section I-F. Prime Contractor Responsibilities.
- b. All community hospitals utilized must be licensed by the State of Michigan and accredited by the Joint Commission on Accreditation of Health Organizations (JCAHO).

2. Necessary physician specialist care

- a. CMS shall sustain the specialist network established under this contract such that it maintains or improves the access and quality of

care for all MDOC prisoners while reducing cost and security issues for the community.

- b. CMS shall assure that final reports of their contracted specialist consultants/providers are of community standard quality, are legible, suggest a treatment plan, are signed, and are provided to the MDOC within 30 calendar days.
- c. CMS shall make substantial effort to solicit standard preliminary summary information needed to continue care prior to the specialist providing the full report to the MDOC. The summary information (to be determined by the MDOC Medical Advisory Committee/MAC and CMS) should accompany the patient upon return to the MDOC. This summary shall be complete enough to support CBR within required time frames.

3. Medical transport, all outpatient specialty services, and all medically necessary ancillary services

- a. Ancillary/support services shall be defined as all medically necessary diagnostic evaluation/testing, therapeutic treatment, or medical transport required to provide appropriate care to prisoners under this contract. CMS shall provide ancillary/support services to both inpatient and ambulatory care operations consistent with services provided by its network hospitals/providers to the free community. Services should include but are not limited to:

- 1. Laboratory Services (see "b." below)
- 2. Community purchased Imaging Services
- 3. EMG Services
- 4. Audiology Services
- 5. Respiratory Therapy Services (outside of DLW Hospital)
- 6. Physical Therapy and Occupational Therapy Services (see "d." below)
- 7. Pharmacy Services (SAI, TRV, Corrections Centers, Electronic Monitoring, and Camps only)
- 8. EKG Interpretation Services

b. For state-wide laboratory services CMS shall provide the following:

1. Printers for receipt of lab results at MDOC sites.
2. Next day reports on all labs done on a daily basis.
3. A call from the lab to the facility housing the prisoner if lab results represent mutually agreed "panic values" within 2 hours of the lab identifying the abnormal result. Outside of normal working hours at the facility, "panic values" must be called to the DLW Emergency Room MSP.
4. Automatic lab ordering and reporting through the MDOC electronic record concurrent with implementation in each facility.

c. Emergency/Urgent Transportation

CMS shall provide necessary ambulance services.

d. Physical and Occupational Therapy

1. Physical and Occupational Therapist and Physical Therapy Aide services shall be provided for individual prisoner inpatients and outpatients within DLW Hospital and at other regional sites as CMS and the State agree are efficient and effective.
2. CMS shall provide onsite physical and occupational therapy services in special units or where the MDOC has concentrations of patients in need when the MDOC requests such services and where cost and volume allow.

4. Emergency services for prisoners

- a. CMS shall assure that MDOC prisoners have access to community hospital emergency room services at the hospital closest to their location.

5. Network Development

- a. Specialists will be provided near correctional facilities where volume and cost allows. The MDOC will notify CMS of any avenues it considers high volume so that a cost/benefit review can be completed.
- b. Access to necessary specialists will be provided.

6. Criteria-Based Review

- a. CMS shall maintain or improve its system for review of requests for higher level services.
- b. CMS shall use standard tools including nationally accepted and published guidelines, publications in peer review journals, Federal Bureau of Prisons Guidelines, Centers For Disease Control (CDC) guidelines, specialty society guidelines, prestigious institution guidelines, and State Medicaid guidelines. as a basis for review. CMS shall, with the approval of the MDOC CMO determine acceptable diagnostic and treatment pathways for major categories of illness.
- c. Part of the CBR system shall be a mechanism to privilege physicians and mid-levels that have shown consistent compliance with the system (i.e., low inappropriate referrals). A system of periodic checks for ongoing compliance of these privileged providers shall be developed by CMS and summary reports shall be provided to the MDOC.
- d. CMS shall maintain sufficient network resources to accommodate appropriate routine referrals for care within 90 business days and Urgent referrals for care within 10 business days. Emergencies should be processed automatically and need no prior review, only notification to CMS of the event.
- e. If the limits for CBR turnaround and/or the time taken for CMS to schedule patients with a specialist are exceeded in more than 10%, of the cases, or, if the average outlier days (those beyond the limit) are exceeded by more than 10% within a month's period, CMS shall develop an action plan to

resolve the delay. The action plan may involve addition of specialists, review staff, or other means to reduce the wait and improve access. Each case that exceeds the MDOC-imposed limits shall be tracked as a time outlier and referred to the primary MSP for follow-up evaluation.

- f. CMS will maintain and report to the MDOC Contract Administrator and CMO all time outliers on a monthly basis along with the reasons for the outlier status and, if beyond the MDOC-imposed limits, an action plan acceptable to the MDOC to minimize the possibility of recurrence.
- g. The CBR system will be constructed such that timely access to necessary care is preserved. The system shall be designed to the mutual satisfaction of the MDOC and CMS.

7. Pre-payment Claims Review System

- a. CMS shall maintain a pre-payment claims review system that protects against network provider/service billing system errors.
- b. CMS shall process all clean claims within 45 days. "Process" means that checks are cut and mailed within 45 days of establishing the clean claim.
- c. The claims review reports sent to the department shall include fields that capture the date received, and the date of the check run. CMS shall, in cooperation with the MDOC, establish a procedure to monitor the processing of clean claims.

8. Medically necessary health care for prisoners in Camps, SAI, Corrections Centers, Electronic Monitoring, and TRVs

- a. CMS shall provide for statewide primary care services to Camps, SAI, Corrections Centers, Electronic Monitoring prisoners, and TRVs.
- b. CMS shall assure that the service provider is aware of covered services and that only necessary services are provided.

- c. CMS shall assure that prisoners have access to services upon entrance into Camps, SAI, Corrections Centers, Electronic Monitoring, OR TRVs.
- d. CMS shall assure that the entity responsible for this care works cooperatively to provide prisoners with necessary care that is timely, efficient, effective, and of the same quality as that provided to the general public.

9. Secure Unit

- a. CMS shall provide a 20-25 bed secure unit within a licensed and accredited tertiary care hospital. The hospital must be located within 20 minutes drive of Duane L. Waters Hospital in Jackson using ground transportation. The unit shall provide:
 - 1) An outpatient holding area adjacent to the secure unit such that security staff may be shared with the secure unit.
 - 2) Secure Unit Inpatient Hospital Services
 - 3) Secure Unit Inpatient Physician/Specialty Services
 - 4) Secure Unit Outpatient Hospital Services
 - 5) Secure Unit Outpatient Physician/Specialty Services
 - 6) Secure Unit Hospital Intensive Care Services
 - 7) Secure Unit Hospital Emergency Room Hospital Care,
 - 8) Secure Unit Hospital Emergency Room Physician Services, and
 - 9) All Secure Unit Hospital necessary ancillary/support services
- b. To facilitate the work of this contract the Administrator of DLW Hospital (or designee) shall function as the MDOC Secure Unit Coordinator to oversee the prisoner health care operations of CMS within the Secure Unit and to facilitate communications with the central office of BHCS and ranking custody supervisors.
- c. CMS shall assure that the Secure Unit conforms to MDOC security standards.
- d. Secure unit staff shall meet with _____ representatives of CMS

and the MDOC Bi-monthly or as needed (at the discretion of the DLW Hospital Administrator) to discuss utilization and quality management of the unit and to work toward resolving any problems with communication, admission, discharge, escort, or transportation.

NOTE: ALL COSTS ASSOCIATED WITH FUTURE SECURITY ENHANCEMENTS REQUIRED BY MDOC SHALL BE AN OBLIGATION OF THE MDOC.

10. Specialty Clinic Providers

- a. CMS shall provide physician specialists to meet service needs in the specialty clinics provided for MDOC prisoners at the DLW Hospital.
- b. In clinics for which CMS has scheduling responsibility, CMS shall work cooperatively with the DLW Hospital Administrator (or designee) to schedule them, and to schedule the prisoners in the clinics to accommodate the need identified by the MDOC.
- c. For the clinics designated in "b." above, CMS shall provide a monthly report of the scheduled specialty clinics including documentation of provider cancelled clinics, provider no shows, and provider tardiness to the Contract Administrator and MDOC CMO.
- d. CMS shall make every effort to schedule specialist visits via telemedicine whenever appropriate and to encourage the use of telemedicine with specialists. To encourage the use of telemedicine the MDOC may enter into an agreement to pass on to CMS a portion of the saved transportation costs to be passed on to the specialists using the technology.

11. Staffing for DLW Hospital inpatients, outpatients, and emergency room patients

a. CMS shall provide:

- 1) Three FTEs (physician only, or physician and midlevel) to cover all high-volume periods Monday through Friday and sufficient coverage on weekends to meet patient need and JCAHO standards.
 - a. At least one FTE must be a physician experienced in providing inpatient care and responsible for training all other staff in inpatient operations and procedures.
 - b. All must meet the necessary credentialing and privileging standards set by the DWH Medical Staff and Governing Body.
 - c. Work duties shall be defined by the DLW Director of Clinical Services consistent with the By-Laws of DLW and shall include back-up of the DLW Emergency Room staff when requested by the DLW Administrator, the DLW Chief of Clinical Services, or designee.
- 2) DLW Inpatient/Outpatient Surgical Anesthesia Services
- 3) DLW Hospital Inpatient/Outpatient Surgical Services to supplement existing MDOC capacity for DLW inpatient or outpatient procedures.
- 4) DLW Inpatient/Outpatient Physical Therapist(s), Physical Therapy Aide(s), and Occupational Therapist(s) services.
- 5) Offsite laboratory services
- 6) EKG interpretation services

b. CMS shall provide the following service to the DLW Emergency Room:

- 1) Emergency Room Medical Service Providers 24 hours per day, 7 days per week, 52 weeks per year as a supplement to existing nursing and clerical staff. The ER staffing must include at least 60 of the hours per week as physician hours.

- 2) ER medical services shall include but not be limited to:
 - a. Evaluation of all patients sent to ER,
 - b. Supervisory audits of mid-levels in ER according to the schedule and method mutually established by MDOC and CMS.
 - c. Assistance with inpatients during emergencies or at the request of the DLW Hospital Administrator, Chief of Clinical Services, or designee.

12. Evening, night, weekend, and holiday medical triage for ambulatory care facilities

- a. CMS shall provide, through DLW Emergency Room, a system for MDOC staff access to a physician for questions on urgency of care for evening, nights, weekends, holidays, or for CMS scheduled physician meeting/training time away from the facility.
- b. CMS shall provide direct telephone access to a physician in the case that the nurse viewing the patient feels that the decision by a mid-level provider needs immediate endorsement of the supervising physician.
- c. During normal working hours and in the absence of an MSP at an ambulatory site, CMS shall assure any other MSP in the Region is ready, willing, and able to respond to calls for MSP questions.

13. Renal and peritoneal dialysis services

- a. CMS shall maintain or improve existing nephrologist and support services delivery at the MDOC's on-site Dialysis Unit. MDOC is responsible for equipment moving costs associated with any move of the dialysis unit.
- b. CMS shall provide for inpatient treatment for dialysis. Services include nursing staff, solutions, equipment lease/rental, and supplies used on the unit.

14. Reporting

- a. CMS shall provide any reasonable reports necessary to determine performance under this contract including reports highlighted in **Appendix F**
- b. CMS shall provide sufficient financial reporting to meet the intent of the State in monitoring the contract. CMS shall meet with MDOC Bureau of Fiscal Management representatives to develop and review the financial reporting requirements. The needs of the MDOC may vary over time. CMS shall assure that the reports submitted to the Department are final and accurate. All financial reports submitted are subject to audit and must reconcile to the financial statement and/or invoice submitted to the MDOC for the final settlement of the contract year.
- c. CMS shall also report each individual contract year independently of each other. Once the contract year is settled and closed, all prior year payments in the subsequent contract years must be reported separately in a manner such that the closed and settled prior year records are not changed or affected.

15. Medical Service Providers (MSPs)

- a. CMS shall provide staffing and supervision of Medical Service Providers (MSPs) to support primary care services at existing and future MDOC locations consistent with Department policy, American Correctional Association (ACA) standards, and Joint Commission on Accreditation of Health Organizations (JCAHO) standards, where applicable.
- b. Position Schedules and Standards

CMS shall:

- 1. Provide all MSP services according to a mutually agreed staffing schedule.
- 2. Provide mid-level providers in place of physicians where possible but only with the approval of the State and only within the scope

of their license.

3. Provide 8 hours of on-site supervision and work review by a physician for each full time mid-level provider each week, or more if necessary to meet quality standards. Oversight of part time mid-levels shall be pro-rated based on hours of service.
4. Provide MSP services consistent with Department policy, with ACA standards, and with JCAHO standards, where applicable.
5. Provide MSP services at all ambulatory health care service sites and in DLW Hospital.
6. Provide a minimum of 32 hours of coverage per MDOC pay period for each vacant position but as many hours as possible given existing staff availability until a new MSP is placed, trained and functional. If requested by the MDOC Chief Medical Officer, CMS shall provide any extra hours required to maintain services at a level satisfactory to the MDOC.
7. Provide new positions requested by MDOC due to increased workload at existing facilities or for new facilities at the contracted rate per hour.
8. Provide extra hours or additional positions for temporary workload increases (approved by the MDOC CMO) based on increased need and according to an agreed upon staffing plan at any time during the period of this agreement. Such hours shall be reimbursed as defined in Section IV. In addition, CMS and MDOC shall annually review, and revise if necessary, the MDOC staffing plan for physicians and mid-level providers.
9. CMS Physicians shall each maintain a Michigan Drug Control License for a prescriber box at the institution(s) they cover. Physicians may delegate the authority to use the box at their discretion, consistent with the laws of Michigan.

10. Clinical services to be provided shall include patient interviews, patient examinations, review and completion of records and other patient-related communication. (See **Appendix C, MSP CLINICAL DUTIES AND RESPONSIBILITIES** for additional responsibilities.)

c. Hours of Work and Total Work Hours

1. The work day for MSPs shall normally be provided between the hours of 6:00 A.M. and 5:00 P.M. weekdays. However, altered work schedules or additional work hours may be negotiated to the mutual benefit of the MDOC and CMS. The MDOC Chief Medical Officer shall review and approve any altered work schedules. In addition, extra hours may be requested due to unusual circumstances.
2. A full-time equivalent (FTE) shall be equal to 1840 hours.
3. Non-patient contact hours required or approved by the MDOC will count toward the total 1840 annual hours per FTE. Examples of hours which will be approved are those provided in the areas of training, administrative meetings, quality improvement, travel, and other administrative activities supported by the MDOC Chief Medical Officer.
4. Travel from work site to work site for the purpose of sharing resources under any CMS work plan shall not be included in the 1840 hours of annual work time.
5. CMS shall require all MSPs to punch in and out using the MDOC Tracey Time system. CMS will be reimbursed for MSP hours based on hours recorded in the MDOC Tracey Time System and at the appropriate contract rates, unless otherwise approved by MDOC. . CMS shall submit (to the appropriate RHA) documentation of attendance for each MSP hour billed in conjunction with any DOC approved training provided away from a DOC facility where MSPs cannot use the Tracey Time system. Lunches are not included in hours worked. Guidelines for appropriate

documentation of work through the Tracey Time System will be outlined in subsequent MDOC/CMS policy.

6. The MDOC will provide print outs of the MSP hours to CMS for time tracking. On a quarterly basis CMS shall provide an hours-utilization report to the Contract Administrator and Fiscal Administrator (See **Appendix F, Reporting**).

d. Recruitment, Training, and Orientation

CMS shall:

1. Maintain an active recruitment and training system for physicians and mid-level providers.
2. Provide new employee training using MDOC-approved training modules (with necessary adjustments for the modified employee/contractor relationship). MDOC Training Manuals shall be provided free of charge to CMS. As part of the training, CMS shall conduct a skills inventory and monitor satisfactory completion of all necessary MSP competencies through the on-site orientation. [CMS trainers shall also be given the opportunity to audit all non-custody training in order to gain further understanding of training materials and their intended use.] CMS shall obtain annual updates from the Training Division and modify their training materials as needed.
3. Assure MSPs obtain sufficient continuing education to maintain clinical competence, to satisfy license requirements and to maintain technical skills necessary to perform essential job duties. See **Appendix D, Required Training**.

4. Provide centralized documentation available for review by the MDOC Chief Medical Officer that all working and supervisory (full-time, part-time,

temporary, or intermittent) MSPs have at the point of contracting or hire, and maintain throughout their tenure, necessary licenses to practice in the State of Michigan.

5. Provide documentation of on-site mentoring of new MSPs with a fully trained CMS MSP of the same level until all necessary clinical and administrative competencies have been attained. CMS shall share documentation of the MSP attaining these competencies with the MDOC Regional Medical Officer.

Provide a mechanism whereby MSPs become proficient in primary care work-up, diagnosis, and treatment modalities within the correctional managed health care system. With the approval of the MSAC, MSPs who show such proficiency shall be privileged by CMS to arrange offsite specialty appointments and testing without CBR as CMS deems appropriate.

e. Credentialing

CMS shall:

1. Provide explanation of any license actions and any other adverse information obtained from the National Practitioner Databank for each new physician at point of contracting.
2. Notify the MDOC Chief Medical Officer (or designee) immediately should CMS become aware of any change in the favorable status of any CMS Medical Service Providers.
3. Maintain a centralized file of credentialing information on all MSPs according to **Appendix E, CREDENTIALING CRITERIA** Provide proof of such documentation to the MDOC Chief Medical Officer (or designee) at hire or contracting, at any time status changes, and at least yearly.
4. Provide such documentation of MSP licensing and credentialing to each work site as is required by that site to document same for ACA or JCAHO credentialing purposes, where applicable. Minimally, evidence of State license to practice, DEA license, Board of Pharmacy License are needed

at hire and copies must be provided to each worksite the MSP will be working at on a regular basis. Upon contracting CMS shall assure that Drug Control licenses are applied for by the physician. Upon receipt, copies must be sent to each work site.

5. Make MSPs available for any mandatory meetings or training sessions required by the MDOC or the State for administrative or security purposes..

f. Meetings and Committees

CMS shall:

1. Provide MSP participation in MDOC multi-disciplinary meetings for the purpose of training and/or information exchange.
2. Provide MSP participation on standing committees such as the Pharmacy and Therapeutics Committee, the Mortality Review Committee, Continuous Quality Improvement Committees, necessary Hospital committees, or other standing committees that may be organized in the future.
3. Provide for MSP participation on ad hoc committees or work groups necessary to assist the MDOC in establishing, promoting, or modifying policy and procedure having an impact upon the practice of MSPs in the system.
4. MSP Participation in the MDOC Continuous Quality Improvement program is mandatory for all MSPs.
5. The MDOC Chief Medical Officer shall chair a monthly meeting with CMS Medical Director which includes Clinical pathway review and development, policy & procedure review and development, pharmacy and therapeutics, mortality review, and any other clinical issue either party needs to address to advance the purpose of this contract.
6. The CMS Regional Medical Director shall be a member of the

MDOC Mortality Review Committee.

g. Compliance Monitoring, Essential Outcomes, and Liquidated Damages

The MDOC will perform regularly scheduled audits using total cases or statistically valid random samples of source documentation to measure performance of CMS against the MDOC/CMS Clinical Pathways, or against MDOC policies, procedures, guidelines, or protocols. Attainment of outcome measurements will be reviewed for action on a facility-by-facility basis.

1. At facilities that fail to achieve 90% compliance with audited physician activities (averaged over a 3 month period) where failure is determined to be a joint MDOC/CMS responsibility, the parties will jointly evaluate the cause(s) and develop an action plan to achieve and maintain 90% compliance. The joint evaluation will be conducted by the MDOC Chief Medical Officer and the CMS Regional Medical Director, or designees agreed to by both parties. A person jointly designated by the BHCS Administrator and the CMS Regional Manager will resolve substantive disputes.
2. At any time, if reported deficiencies of a provider or providers are so numerous or so apparent as to materially jeopardize the care of patients under their charge, or otherwise pose a liability for the State, the MDOC reserves the right to perform an investigation or focused audit and to force immediate action on the part of CMS to correct such problems. In these cases, liquidated damages shall not be assessed since the larger issue of breach of contract would be called into play if CMS did not take swift and appropriate action to resolve any substantiated deficiency.
3. At facilities where CMS is solely responsible for less than 90% compliance with Essential Outcomes (following identification, development of an action plan for resolution, and a period to cure) liquidated damages shall be assessed.

h. Essential Outcomes and Liquidated Damages

1. While MSPs provided by CMS will comply with all MDOC policies and procedures, the parties recognize that certain MSP activities are essential to the efficient delivery of quality health care. See the list of Essential Outcomes contained in **Appendix B** to this document.
2. The goal is compliance 100% of the time; thresholds for compliance are only for the purposes of applying liquidated damages. The availability of Liquidated Damages does not preclude the use of other remedies offered under the contract up to and including termination due to a material breach.

i. Liquidated Damages

1. CMS shall be deemed solely responsible for non-compliance (and shall be assessed liquidated damages) if the failure to achieve 90% compliance to Essential MSP Outcomes is due to poor MSP productivity, or failure by CMS to provide the MSP services called for in this contract.
2. CMS shall not be deemed solely responsible for non-compliance if the MDOC does not supply ready access to adequate nursing support, adequate ancillary support, prepared patients, prepared records, and properly equipped examination room. CMS shall also not be deemed solely responsible if MSP communications is hindered in a material way by the MDOC.
3. CMS shall not be deemed solely responsible for non-compliance if it has exercised and can document diligence in its recruitment for a vacant position, and yet no replacement position can be found. Should this happen CMS shall prior to the end of the 30 day grace period:
 - a. Provide the MDOC Contract Administrator with written proof of its due diligence in providing the position
 - b. Petition the MDOC to provide relief in the form of restriction of the facility or other accommodation, and
 - c. Negotiate terms of the limited levels of care to

assure the MDOC that all essential care is covered.

- d. Enter into negotiations with the MDOC to develop the best approach to providing the services.
- e. Review and accept payment adjustments to reflect altered health care delivery pattern under the contract

Failure to do the above shall mean CMS is subject to liquidated damages.

4. For each non-compliant facility where CMS is solely responsible for the non-compliance:

- a. The period to cure may be from immediate to several days, weeks, or months, considering the individual circumstances of the case. The MDOC and CMS will jointly determine the length of this period given the individual circumstances surrounding the non-compliance and the degree to which patient care is at risk. If CMS and the MDOC meet an impasse on this issue the Administrator of the MDOC Bureau of Health Care Services shall serve as the final arbiter.
- b. As risk increases the period to cure decreases. Risk varies directly with the severity of a prisoner's condition. Where potential for risk/severity of illness is high, the period to cure will be short, from immediate, to days. The period to cure in each case shall be set considering the best interest of the patient(s) and sufficiently short as to minimize pain and suffering and to avoid preventable advancement of illness or delay in the healing process. Each case will be recorded and will serve as precedence for future cases.
- c. If thresholds are not met within the period to cure, CMS shall be subject to a \$500 per case, per month liquidated damages assessment for each case that contributes to the deficiency (i.e., each case that contributes to the reduction below the 90th percentile of compliance) after the end of the period to cure. A particular episode of care shall not be counted as more than one deficiency.

- d. Damages shall be assessed for each 90-day period past the initial period where compliance has not made threshold. Any failure to provide services is considered a breach of contract. The liquidated damages process allows corrective action short of contract termination due to breach.

j. Secure Unit

1. The MDOC shall provide a Secure Unit Coordinator (the DLW Hospital Administrator or designee) to fulfill responsibilities for managing the interface between health care, custody, and the subcontracted hospital operations. No other MDOC staff shall be dedicated solely to this project. If the Secure Unit hospital administration must contact the MDOC in an emergency situation the order of contact shall be:

- 1) DLW Hospital Administrator
- 2) MDOC Chief Medical Officer (CMO)
- 3) MDOC Program Administrator
- 4) MDOC BHCS Administrator

Custody/security issues should be addressed to the ranking officer on the unit who will contact the appropriate prison security liaison.

2. CMS's Secure Unit agent(s) shall meet at least bi-monthly with the chief of security and the MDOC Secure Unit Coordinator. All meetings between the CONTRACTOR and MDOC representatives shall include the MDOC Secure Unit Coordinator.
3. For clinical operations, the Secure Unit Hospital's policies and procedures will be followed. Any variations to the Secure Unit Hospital's normal policy and procedure made necessary by the security issues shall be officially recognized by amendments or separate policy and procedure development. Such changes must reflect mutual consent of the parties to this agreement.

4. The Secure Unit provider shall assist in maintaining security by ensuring that each staff member follows security procedures and that staff members report any problems and/or unusual incidents to security staff and to the MDOC Health Care staff member in charge at the time.
5. The Secure Unit provider shall maintain a properly licensed, credentialed, privileged and trained staff to perform the services requested in this RFP.
6. The Secure Unit provider shall comply with all relevant Federal, State, County, and municipal statutes, regulations, and/or guidelines, as applicable, in carrying out their duties and responsibilities. The Secure Unit provider shall comply with all these statutes, regulations and/or guidelines whether or not such directives/guidelines are specifically referenced in this agreement.

16. Prosthetics, Orthotics and Other Services

- a. CMS shall provide prosthetics, orthotics and other services as described in **Appendix G**. Any items not included in this list are not the responsibility of CMS.
- b. CMS shall provide the necessary specialist and/or technical support necessary to properly provide and maintain the items/services in **Appendix G**.
- c. Equipment/goods originally supplied by CMS shall be repaired or replaced by CMS if the item is proven to be defective, if there is a need for replacement due to wear from normal usage, or if a prisoner's medical condition changes such that a different item is needed to address the prisoner's medical need. ***Lost, stolen or damaged equipment/goods identified in this section are not the responsibility of CMS.***
- d. CMS shall provide a review of requests for the items identified by a plus sign (+) in the **CMS Required Criteria-Based Review** column in **Appendix G** such that the DOC is assured reasonable usage based on medical necessity.

- e. CMS shall develop a process for timely delivery of Custom wheelchairs acceptable to the DOC.
- f. MSPs with a history of appropriate referrals in this area may be exempted from seeking prior authorization. Any MSP exempted from prior authorization is subject to periodic retrospective review.

A) **Administrative and Personnel Functions**

1. **Administrative Issues**

- a. CMS shall ensure that MDOC Policy Directives and DOM's which are marked Exempt are not released to or reviewed by anyone except an employee or contractor of CMS without written consent of the MDOC. Exempt MDOC Policy Directives are indicated in the MDOC Policy and Manuals.
- b. CMS shall have a program that subjects all employees and independent contractors filling full or part-time primary care positions to pre-employment and for cause alcohol and drug testing. Drugs tested shall include all controlled substances as identified in Article 7 of the Michigan Public Health Code, 1978 Public Act 368, as amended, being MCL 333.7101 *et seq.*
- c. Testing for cause shall be used in circumstances where the Warden or designee has information about an employee's conduct that would cause a reasonable person to believe the employee is demonstrating signs of impairment due to alcohol or illegal drugs, or has used these substances on Facility property.
- d. An employee whose alcohol or drug test is positive is considered in violation of policy and shall be terminated pursuant to proper verification of the test results.
- e. CMS shall provide documentation to the MDOC CMO that all working and supervisory (full-time, part-time, temporary, or intermittent) physicians and mid-levels have at the point of hire or contracting, and maintain throughout their tenure, necessary licenses to practice in the State of Michigan.

In addition, CMS shall review candidate credentials with the MDOC Chief Medical Officer or designee. *The BHCS Chief Medical Officer and/or the BHCS Administrator may veto any potential MSP candidate without cause. Approval of potential MSP candidates will not be unreasonably withheld.*

- f. CMS shall notify the MDOC Administrator and the MDOC Chief Medical Officer immediately should CMS become aware of any change in the favorable status of CMS's Medical Service Providers.
- g. CMS shall maintain and share credentialing information on all MSPs, ER physicians and mid-levels, and network specialist physicians according to the Credentialing Criteria in **Appendix E, CREDENTIALING CRITERIA**. Provide access to such documentation for the MDOC Chief Medical Officer at hire or start of contract, at any time status changes, and at least yearly or as credentials are renewed.
- h. CMS shall provide such documentation of MSP licensing and credentialing to each work site as is required by that site to document same for ACA or JCAHO credentialing purposes.
- i. CMS shall make MSPs available for any mandatory meetings or training sessions required by the MDOC or the State for administrative or security purposes.
- j. CMS shall provide published work rules to each CMS employee/contractor providing service to the MDOC identifying rights and responsibilities within CMS organization. Provide an initial copy to the MDOC Contract Administrator and supply changes to the MDOC Contract Administrator for review and comment prior to their implementation.
- k. CMS shall initiate the LEIN clearance process with the appropriate custody/security representatives of the MDOC.

C) Tuberculosis and Hepatitis B

Tuberculosis skin tests and hepatitis B vaccinations shall be provided by CMS to its “at risk” staff working in MDOC facilities according to the Center For Disease Control and Prevention Guidelines as of the date of this Agreement. CMS shall maintain necessary documentation and make it available to the MDOC upon request.

D) Coordination of Treatment/Medication Schedules

CMS MSPs shall work with the MDOC managers and administrators at the unit level to establish structured medication and treatment times that satisfy issues associated with the frequency of inmate movements, locking and unlocking rooms, and maintaining security on the unit. CMS shall encourage providers to prescribe medications that have a time release feature, when possible, in order to reduce the number of doses dispensed to a minimum.

E) Mental Health Services

Mental Health Services shall not routinely be provided at the Secure Unit. MDOC shall not refer for admittance for mental illness as a primary condition/diagnosis. Treatment of mental illness during anticipated prolonged stay or for other special circumstances shall be approved only with the consent of the MDOC or its duly appointed agent. Such approved services shall be made with the advance identification of the estimated cost of such extra services to the State. CMS shall provide any necessary consultation for the purpose of evaluating or adjusting medications used for treatment of mental illness that are necessary during the course of any medical inpatient hospitalization.

F) Prisoner Health Records

1. Prisoner health records on the Secure Unit(s) shall be maintained according to community standards. Prisoner records in Specialty Clinics or in Ambulatory Health Care Units will be maintained according to MDOC Policy and Procedure.
2. Unauthorized use of prisoner health records in whole or in part by CMS is prohibited.

3. Prisoner Health Records include those recorded on paper, micrographic, computer electronics, audio tapes, film, photographs, video tapes and other recording medium.
4. MDOC's requests for copies of records shall be facilitated by CMS recognizing the State's role as payer for services and its responsibility to provide continuity of care. In addition, CMS agrees to provide access to or copies of records to any third party reviewer the State wishes for the purpose of quality or utilization review. Such information will be maintained as confidential through the oversight of the MDOC's Bureau of Health Care Services.
5. If additional Serapis© training and coaching is required of CMS after October 1, 2003 due to state generated delays in implementation, CMS agrees to negotiate a rate for those hours for no more than \$50 dollars per hour.

G) Prisoner Complaints/Grievances

1. CMS shall forward all complaints and inquires received from prisoners, family members, and others referencing or pertaining to individual and/or general health care related problems on the Secure Unit(s) to the local Secure Unit Coordinator(s). Information on CMS-initiated corrective action or recommended actions should accompany the complaint or inquiry. The Secure Unit Coordinator(s) shall in turn attempt to resolve issues with active participation of CMS, however, copies of all complaints and inquiries regarding CMS's services should be sent to the Secure Unit Coordinator(s) for Secure Unit issues. All other complaints and inquiries should be sent to the Ambulatory Health Care Unit Manager HUMs). The Secure Unit Coordinator(s) and/or HUMs and/or RHAs shall determine if custody or health care issues are involved and shall forward appropriate issues to custody for information purposes or for problem resolution, as necessary.
2. Formal prisoner grievances should be referred to the Secure Unit Coordinator(s), HUMs, or RHAs (as appropriate) who will initiate the formal MDOC grievance

process. The Secure Unit Coordinator's and HUMs will act as liaison between the MDOC grievance coordinators and CMS to assure appropriate response. The Secure Unit Coordinator(s) and HUMs shall keep a log of all such grievances and CMS's response. CMS shall cooperate in resolution of any patterns of problems identified. CMS shall report monthly to the MDOC Secure Unit Coordinator(s) and HUMs on movement toward resolution of any cited problems or patterns of problems.

3. Grievances related to any other aspect of CMS's service shall be forwarded to the Regional Health Administrator for resolution.

H) Quality Improvement and Utilization Management

CMS must have a written quality improvement plan which assures that prisoners receive medically necessary care with quality equivalent to that provided for non-prisoners across all areas of service provided under this contract. This must be done while accommodating security concerns.¹ CMS must work closely with both BHCS health care administration and with MDOC security administration within the MDOC to assure that health care and security needs are met for all levels of prisoners at all times.

1. The quality improvement program shall include such audits, narrative reports and executive summaries necessary to identify and remedy any quality issues in CMS operations.
2. CMS shall institute a quality improvement program for services provided under this contract which shall include but not be limited to audit and medical chart review procedures on the secure unit. In addition, CMS's agents shall cooperate fully with Continuous Quality Improvement activities within DLW Hospital bearing on the delivery of specialty services within DLW Hospital and with the MDOC

¹ The MDOC will provide 24 hours custody coverage at its expense on the Secure Unit and will provide appropriate coverage for movement of patients to services within the Secure Unit Hospital.

Continuous Quality Improvement effort at all MDOC ambulatory health care units.

3. Reports of activity from the monthly meetings distributed on Quality Improvement activity affecting services provided pursuant to this contract must be provided to the BHCS Central Office CQI Coordinator on a monthly basis. To supply reports in this manner maintains their confidentiality under the MDOC's CQI Plan (See Supplemental Information).
4. CMS shall also provide utilization reports and suggestions for improvement in the coordination of services under this contract. Monthly reports shall be generated and presented for discussion at the MDOC/CMS meeting.
5. CMS must share its prisoner-related data in standard electronic format. Requests for transfer of data made by the MDOC shall be responded to within 3 working days and a time frame for delivery agreed upon between CMS and the MDOC based on the complexity of the request.

**SECTION III
CMS INFORMATION**

III-A BUSINESS ORGANIZATION

PRIMARY CONTRACTOR:

Correctional Medical Services, Incorporated
12647 Olive Boulevard
P.O. Box 419052
St. Louis, Missouri 63141
314-919-9708

III-B AUTHORIZED CONTRACTOR EXPEDITER:

N. Reed Heflin

Correctional Medical Services, Incorporated
12647 Olive Boulevard
P.O. Box 419052
St. Louis, Missouri 63141
314-919-9708

**SECTION IV
PAYMENT TERMS AND CONDITIONS**

IV-A. Reimbursement for the services required under this contract shall be as set forth under Attachment A. The MSP services shall be reimbursed at the hourly rate times the number of hours worked. All other services shall be provided under a cost-plus management fee arrangement.

IV-B. Terms and Conditions for Additional MSP Service Payment

CMS shall be reimbursed at 1.5 times the hourly mid-level rate for any extra mid-level hours requested by the MDOC and provided by CMS using providers' hours that are in addition to their regular 40 hours of work per week. CMS shall be reimbursed at

the standard hourly rate for physicians.

The MDOC shall reimburse CMS for mileage according to State of Michigan travel regulations for MSP travel mandated by the MDOC in association with meetings or MDOC requested extra hours provided at other than the home site.

APPENDIX A

CONTRACT PRICING

A. Clinical and Administrative Rates

- 1) CMS shall provide the services described under this contract (excluding MSP services) according to the following Management Fee Model:

CMF AS % OF CCT	CLINICAL COST THRESHOLDS (CCT)	CLINICAL MANAGEMENT FEES (CMF)	TOTAL CLINICAL COST	MSP COST	Total Contract Year 7 Cost Estimate
14.59%	\$ 57,404,307	\$ 8,377,656	\$ 65,781,963	\$ 10,273,554	
14.92%	\$ 56,554,307	\$ 8,437,978	\$ 64,992,285	\$ 10,273,554	
15.25%	\$ 55,704,307	\$ 8,493,736	\$ 64,198,043	\$ 10,273,554	
15.58%	\$ 54,854,307	\$ 8,544,890	\$ 63,399,197	\$ 10,273,554	
15.91%	\$ 54,004,307	\$ 8,591,399	\$ 62,595,706	\$ 10,273,554	
16.24%	\$ 53,154,307	\$ 8,633,223	\$ 61,787,530	\$ 10,273,554	
16.58%	\$ 52,304,307	\$ 8,670,321	\$ 60,974,628	\$ 10,273,554	
16.91%	\$ 51,454,307	\$ 8,702,651	\$ 60,156,958	\$ 10,273,554	
17.25%	\$ 50,604,307	\$ 8,730,172	\$ 59,334,479	\$ 10,273,554	\$69,608,032.77

CMF AS % OF CCT	PMPM THRESHOLDS
14.59%	\$ 107.49
14.92%	\$ 106.20
15.25%	\$ 104.90
15.58%	\$ 103.59
15.91%	\$ 102.28
16.24%	\$ 100.96
16.58%	\$ 99.63
16.91%	\$ 98.30

17.25%	\$ 96.95
--------	----------

- 2) The Clinical Cost Portion for each month shall begin at the target rate of \$96.95. The payment for each month shall be calculated by multiplying this rate by the average number of prisoners incarcerated for the month. On a quarterly basis the target rate shall be adjusted based on agreed upon estimates of actual expenditures and using the appropriate management fee percentage from the table above. The payment shall be electronically transferred to CMS for each month by the 15th of the subsequent month.
- 3) Contract Year 7 MSP staffing (excluding the DLW Emergency Room) shall be based on 43.15 FTE physicians and 28.0 FTE mid-levels. The MSP payment shall be based on the number of hours worked in a month times the contract rate for the level of provider and type of work (base contract or extra hours). The payment shall be electronically transferred to CMS for each month by the 15th of the subsequent month. Adjustments shall be made to future monthly payments if CMS provides documentation of inaccuracies in the Tracy Time System (e.g., not all hours were captured because an offsite training was not entered).

The contract rate for MSPs shall follow the following schedule for Contract Year 7:

Position Type	Rate
Physicians (base contract hours)	\$97.97
Physicians (extra hours)	\$88.18
Mid-levels (base contract hours)	\$45.48
Part time Mid-levels (extra hours)	\$40.94
Full time Mid-levels (extra hours)	\$61.41

Extra hours are any hours requested by the DOC and provided by CMS including hours DOC requests above the 32 hours per pay period required to be filled under this contract for any vacancy. Extra hour rates do not include 10% indirect costs.

- 4) The contract year runs from April 1 through March 31. Contract year closing shall be by the last day of August each year and reconciliation shall be made at this time based on actual CMS paid claims and CMS paid costs according to the mechanisms described in this agreement.

- 5) Contract Year 8 Clinical and Management fees shall be adjusted by the Consumer Price Index for All Medical Goods and Services, Midwest Region, Urban Average + 2.7%.
- 6) Contract Years 8, 9, 10 MSP payments shall increase according to the percentage increase given to the equivalent Civil Service position.

APPENDIX B

ESSENTIAL OUTCOMES

#	Essential Outcome
	<i>Ambulatory Care</i>
1	Performs Reception Center H&P within 10 business days
2	Conducts Chronic Care Clinics according to joint MDOC/CMS CCC Guidelines
3	Examines Urgent referrals on the same day or next business day
4	Evaluates patients discharged from inpatient setting or seen in ER on the same day or next business day
5	Examines routine referrals within 5 business days
6	Follows MDOC Procedure, including time frames, for obtaining off-site and specialty services
7	Makes rounds in segregation units at least every two weeks, observing and giving each prisoner the opportunity to request an evaluation
8	Evaluates all patients awaiting offsite and specialty services every 30 days until primary (not follow-up) services are delivered
9	Follows MDOC process to notify MDOC Regional Medical Officer of all non-approvals of offsite services
10	Complies with the MDOC Formulary and when medically necessary the MDOC Off-formulary Request Process
11	Complies with the recommendations of the MDOC Pain Committee on use of narcotics for chronic pain patients
12	MSP meets with patients after an offsite service or specialty visit when there are results, specialist recommendations, or changes in an existing treatment plan or new treatment plan to be discussed
	<i>Duane Waters Hospital</i>
1	Completes medical records according to DWH Staff By-Laws and JCAHO requirements
2	Mid-level practitioners are supervised in the inpatient setting according to MDOC procedure

3	Mid-level practitioners in the Emergency Room setting are supervised according to the MDOC procedure developed in conjunction with CMS
4	Patients in the inpatient setting are evaluated in accordance with DWH Medical Staff By-Laws and based on their status as acute or extended care
5	Documentation in the medical record occurs after each patient encounter
6	Documentation in the medical record is in SOAP format and meets mutually accepted (MDOC & CMS) standards

APPENDIX C

MSP CLINICAL DUTIES AND RESPONSIBILITIES

1. Attend monthly staff meetings in Region. (OP 01.05.110, PD 01.05.110)
2. File Critical Incident Reports. (OP 01.05.120, PD 01.05.120)
3. Cooperate with the OPH and the DOAG to assist in the defense of any suit against the Department or its employees. (PD 02.01.102)
4. Maintain accurate time and attendance records. (PD 02.02.100)
5. Employees or contracted MSPs shall be required to observe Civil Service and Departmental Policies and Rules, conduct themselves according to the Department and State Code of Ethics and to render satisfactory performance of their job duties as well attendance and punctuality. (OP 02.03.130, PD 02.03.130)
6. Complete all yearly required in-service training. (PD 02.05.101)
7. Meet with Ombudsman staff when required. (PD 03.02.135)
8. Conduct a health screening and full health appraisal for each new prisoner in the Department. (PD 03.04.100)
9. Obtain informed consent in writing when such consent is required under prevailing medical community standards. (PD 03.04.105)
10. Maintain active participation in facility CQI committee. (PD 03.04.106)
11. Maintain the confidentiality of any and all health record information. (PD 03.04.108)
12. Request and review health information from private hospitals, Doctors or clinics

when necessary. (PD 03.04.108)

13. Completion of and submission of any forms or reports required by the Michigan Department of Community Health or the Center for Disease Control in cases of reportable infections. (PD 03.04.120)
14. Conduct body cavity searches when authorized by the Warden and in compliance with State law. (PD 04.04.110)
15. Maintain strict control of medical instruments and hazardous medical substances kept in their area. (PD 04.04.120)
16. Participate in disturbance control per Policy Directive. (PD 04.04.100)
17. Provide prompt medical attention to any seriously ill or injured person they discover, including first aid, CPR and any other care they are qualified to provide. (PD 04.06.105)
18. Provide evaluation, treatment and management recommendations required for suicidal and self injurious prisoners. (PD 04.06.115)
19. Evaluation of prisoners on hunger strikes. (PD 04.06.120)
20. Dispense prescribed legend medication from their own physician box. (PD 04.06.170)
21. Maintain active professional license, drug control license and pharmacy license in the State of Michigan. (OP 02.06.111C)
22. Supervise non-physician medical service providers when assigned by supervisor. (OP 03.04.100A)
23. Submit requests for offsite medical services to CMS and respond to requests for more information by CMS. (OP 03.04.100G)

24. Submit appeals to CMS for non-approved or redirected medical care which they do not agree with and provide information regarding non-approval or redirections of service to consulting specialists originating the request. (OP 03.04.100G)
25. Evaluate all inmates who have signs and symptoms of active TB disease and arrange for their quarantine in a negative pressure isolation room. (OP 03.04.115)
26. Make rounds in segregation units at least every two weeks. (OP 04.05.120, PD 03.04.100)
27. Order medically appropriate medication through the appropriate MDOC process. (OP 04.06.170)
28. Follow MDOC formulary except when a non-formulary medication is more appropriate and in such instances follow the instructions in the formulary for obtaining Medical Director's approval. (OP 04.06.170)
29. Evaluate all medication errors made in their facility and determine if treatment is needed. (OP 04.06.170A)
30. Evaluate all prisoners referred to them as a result of their annual health screen for either present medical problems or age appropriate preventative screening. (PD 03.04.100)
31. Accept responsibility for the ongoing medical care of all inmates at the facility to which they are assigned.
32. Evaluate all patients who have required emergency medical attention on the next business day following the emergency. (PD 03.04.100)
33. Conduct chronic care clinics according to the Guidelines. (PD 03.04.100)
34. Take an active role in providing patient instruction and information to prisoners for self care. (PD 03.04.100)

35. Evaluate any prisoner who has a chronic disease who presents with symptoms indicating the chronic disease is out of control, no later than the next business day. (PD 03.04.100)
36. Order appropriate immunizations for those prisoners enrolled in chronic care clinics according to Guidelines.

APPENDIX D

REQUIRED TRAINING

MDOC HIV Preceptorship Program

This program is mandatory for all MDOC providers and consists of 3 days of training. The first day is didactic consisting of lectures, case presentations and case discussions. This is followed by a 2 day clinical component which involves 1 day at the D. L. Waters Infectious Disease Clinic and 1 day at a community site designated by MDOC.

MDOC Required Annual Training

The MDOC requires that all staff have up to 16 hours of annual training to be determined by the Director of Corrections. The Contractor will be responsible for providing equivalent training (as determined by the MDOC Training Division) or reimbursing the Department for providing the training. Additional clinical training will be required to provide a minimum of 40 hours of annual training.

Required Basic Skills Training

All MSPs will be granted privileges to do routine and basic clinical procedures and in an emergency MSPs shall do all in their power to save the life of a patient. Rather than delineate all privileges, the following are minimally acceptable skills, each provider will either have upon hire/contracting or within six months. Any other invasive procedure will require privileging.

1. Consultations in Medicine

2. Arthrocentesis of the knee and knee joint injections
3. Skin Punch Biopsy
4. Initial ECG Interpretation
5. Anoscopy
6. Single Layer Suturing
7. Trimming of Nails on any patient needing it excluding diabetics. Diabetics will be referred to podiatry for these services.
8. Initial interpretation of x-ray when appropriate (such as determining an obvious fracture so that treatment may be facilitated)

Non-Custody New Employee and Contractor Training for CMS Physicians and Mid-Levels

All CMS physicians and mid-levels are required to attend the new employee or contractor training certified by the Department of Corrections training Division. The training is provided by CMS and the Institutional Training Officers by agreement with CFA. The attached list describes those portions for which CMS trainers are responsible and those for which the ITO's are responsible. It is the responsibility of the HUM at each facility to coordinate the scheduling of each physician or mid-level with the ITO to complete the training in the prescribed time period.

Appendix D (Continued)

Non-Custody New Employee Training for CMS Physicians and Mid-Levels

For Full Time or Part Time CMS Physicians and Mid-Levels Working in a Correctional Facility for More Than 45 Days

<u>Program Title</u>	<u>Presented By CMS/ITO</u>
Airborne Pathogens	CMS Trainer
Blood Borne Pathogens	CMS Trainer
Workplace Safety	CMS Trainer
Discriminatory Harassment	CMS Trainer
Right to Know	CMS Trainer
Policies & Procedures (read & sign)	CMS Trainer
Employee Handbook (read & sign)	CMS Trainer
General Safety Awareness	CMS Trainer
Work Site Orientation	ITO
Health Care Site Orientation	BHCS Staff
Department and Administrations Overview	CMS Trainer
CPR	(valid A. Heart or R. Cross Cert)
Ethics in Corrections	CMS Trainer
Drug Test Training	CMS Trainer
Safety Awareness	CMS Trainer
Hostage Awareness	CMS Trainer
Prisoner Grievances	CMS Trainer
Security Threat Groups	CMS Trainer
Mentally Disordered Prisoners	CMS Trainer
Suicide Awareness	CMS Trainer
CMS Orientation	CMS Trainer
Custody & Security	ITO
Professional Empl. Conduct W/ Offenders	ITO
Misconduct Report Writing	ITO

Prisoner Discipline	ITO
---------------------	-----

- The above programs should be attended prior to beginning work inside a correctional facility; however, they must be attended within 45 days of date of hire. Special training is to be provided for those working in female facilities.

APPENDIX E

CREDENTIALING CRITERIA

Medical Service Providers

The following list defines the documentation required to consider an application COMPLETED. When all information and documentation has been received and VERIFIED, the application and supporting documentation is forwarded to the appropriate departments/subsidiaries for review and recommendation. [Applicability: A = applicable for ambulatory MSPs, S = applicable for Specialists, H = applicable for physicians]

1. Completed Application, including Authorization for Release of Information (Original Signature only) **[A,S,H]**
2. Current MI Professional License **[A,S,H]**
3. Current MI Controlled Substance License **[A,S,H (physicians only)]**
4. Current Federal Controlled Substance License (DEA) **[A,S,H]**
5. MI Drug Control License (to facilitate dispensing from night boxes **[A, H (physicians only)]**)
6. Out-of-State Licensure, if applicable **[A,S,H]**
7. Past insurance verification/Claims History(s) **[A,S,H (physicians only)]**
8. Board Certificate(s), if applicable **[A,S,H (physicians only)]**
9. Medical/Professional School **[A,S,H]**
10. ECFMG Certificate, if applicable **[A,S,H (physicians only)]**
11. Current hospital affiliation(s) **[A,S,H (physicians only)]**
12. Past hospital affiliation(s) **[A,S,H (physicians only)]**
13. Outpatient practice history **[A,S,H]**
14. Academic/Faculty Appointment(s) **[A,S,H]**

15. Gaps in Practice History explained **[A,S,H]**
16. Professional Reference Letters **[A,H]**
17. Delineation of Privileges Forms and required supporting documentation (evidence of training, surgical summary, etc.) **[A,H]**
18. Continuing Medical Education Credits **[A,H]**
19. National Practitioner Data Bank Report **[A,S,H]**
20. Evidence of Compliance with Mandatory Tuberculosis Evaluation Requirement. **[A,H]**

Appendix F

Reporting

#	Reporting Requirement	Distribution
1.	Exceptions or outliers to time frames for pre-authorization review, by facility and region (to be provided for each calendar month by the 15 th of the following month)	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and Contract Administrator
2.	Summary of pre-authorization activity, by facility and region that is within contractual time frames (to be provided for each calendar month by the 15 th of the following month).	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
3.	Status of referral requests in the review system (to be provided for each calendar month by the 15 th of the following month)	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
4.	By the 5 th of each month, produce Provider Network Report (with changes from previous month highlighted)	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
5.	Provide a monthly Scheduled Specialist Appointments Report, by the 25 th of each month, Including cases highlighted which are changes from the previous schedule and a section entitled "To Be Scheduled". Dates should be included for tracking purposes.	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
6.	Planned staffing, by facility and region (to be provided for each mid-level pay period by Thursday of the preceding week)	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
7.	Monthly mid-level supervision status report, including prescriber delegation	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
8.	Provide a four (4) working day advance notice of coverage for planned vacancies to facilitate planning for clinic schedules.	to the CMO, RMO, RHA or designee
9.	Provide a quarterly MSP Hours Utilization Report that documents hours provided under the contract by facility and provider such that over and under utilization can be tracked. [At year end the MDOC shall conduct a contract year reconciliation to assure provided hours and paid hours match.]	Electronically to DOC Contract Administrator and DOC Bureau of Fiscal Management.

Appendix G

Prosthetics, Orthotics and Related Items

Items	MDOC RMO prior review necessity	MDOC Procures, Repairs, Replaces	Requires prior Criteria- Based Review	CMS Procures, Repairs, Replaces	Criteria used * = CMS/ Industry Std.)
Catalog Shoe	+	+	-	-	MDOC guidelines
Catalog foot orthotics	+	+	-	-	MSP judgment
Canes, Crutches, Walkers	-	+	-	-	MSP judgment
Wheelchair					
Custom	-	-	+	+	*
Non- Custom	-	+	-	-	N/A
Bone stimulators external	-	+	-	-	Medicare
Contact lenses	-	-	+	+	Medicaid/ hard preferred
Prosthetic eyes	-	-	+	+	*
Limb prosthesis	-	-	+	+	*
Splints, braces					
Custom	-	-	+	+	
Std./catalog	-	+	-	-	MSP judgment
Hearing aids	-	-	+	+	One h.a. if both ears have avg. lower 40db
C pap/ bi pap	-	+	-	-	*
O2 concentrator	-	+	-	-	*
Mattress	-	+	-	-	MDOC
TENS	-	+	-	-	N/A
Supplies (colostomy, diabetic, etc)	-	+	-	-	MDOC
Lab supplies	-	-	-	+	MDOC statewide

Drug external	pump	-	-	+	+	*
--------------------------------	-------------	---	---	---	---	---

Key:

"-" = Not Responsible for

"+" = Responisble for

Form No. DMB 234 (Rev. 1/96)
 AUTHORITY: Act 431 of 1984
 COMPLETION: Required
 PENALTY: Contract will not be
 executed unless form is filed

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 ACQUISITION SERVICES
 P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

September 2, 2003

CHANGE NOTICE NO. 14
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR <p style="text-align: center;">Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345</p> <p style="text-align: right;">fgiampa@cmsstl.com</p>	TELEPHONE Dr. Franklyn Giampa (517) 381-9197 VENDOR NUMBER (2) 43-1281312 (002) BUYER (517) 241-1647 Irene Pena
NIGP #948-46 Contract Administrator: Richard Russell CS-138 #472S8000078 <p style="text-align: center;">Statewide Managed Health Care Services for Prisoners - Department of Corrections</p>	
CONTRACT PERIOD From: April 1, 1997 To: May 1, 2007 *	
TERMS <p style="text-align: center;">Net 30 Days</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

* With the option to extend for an additional 2 (two) year period.

NATURE OF CHANGE (S):

Effective September 1, 2003, this contract is hereby EXTENDED through May 1, 2007. In addition the attached Provider Savings Guarantee Settlement is hereby incorporated

intot his contract.

TOTAL	ESTIMATED	CONTRACT	VALUE:	\$347,933,129.77
-------	-----------	----------	--------	------------------

Proposal from CMS

Correctional Medical Services
Provider Savings Guarantee Settlement
10/2002 - 05/2003

Proposed 8% after 36% guarantee + half of next 6% , Cap @ 11%

<u>High/Low</u>	<u>Coverage</u>	<u>Approved Charges</u>	<u>Payments</u>	<u>Savings Amount</u>	<u>%</u>	<u>Annualized Savings Amount</u>
High	Facility	\$16,321,673	\$7,400,437	\$8,921,236		\$13,381,854
Low	Facility	\$2,154,921	\$1,136,592	\$1,018,329		\$1,527,494
Total	Facility	\$18,476,594	\$8,537,029	\$9,939,565	53.8%	\$14,909,348
High	Professional	\$1,092,199	\$450,114	\$642,085		\$963,128
Low	Professional	\$1,029,378	\$635,100	\$394,278		\$591,417
Total	Professional	\$2,121,577	\$1,085,214	\$1,036,363	48.8%	\$1,554,545
	MDOC : Total - Facility + Professional	\$20,598,171	\$9,622,243			\$10,975,928
Total	Annualized	\$30,897,257	\$14,433,365			\$16,463,892
	MDOC : Total Professional					\$10,975,928
	MDOC : Until October, 2003					
Total Facility Savings				\$9,939,565	53.8%	
Less 44%				\$8,129,701	44.0%	
				\$1,809,864		
1/2 Excess CAP @ 11%				\$904,932		
Total Professional Savings				\$554,298		
				\$1,036,363	48.8%	
Less 34%				\$721,336	34.0%	
				\$315,027		
1/2 Excess CAP @ 11%				\$157,514		
				\$63,647		
Facility and Professional Total 1/2 Excess CAP @ 11%				\$1,062,446		
				\$617,945		
Total 11% admin we receive 8% (\$1,647,854) + 617,945				\$2,265,799		\$3,398,699
Total 11.5% admin we receive				\$2,368,790		\$3,553,185
Total 11.75% admin we receive				\$2,420,285		\$3,630,428
Total 12% admin we receive				\$2,471,781		\$3,707,672
Total 13% admin we receive				\$2,677,762		\$4,016,643

BCBSM Savings	\$589,509
CMF %	17.25%
CMF Reduction	\$101,690
Total Savings and Reduction	\$691,199

MDOC :
Clinical Management Fee (CMF) that is paid to CMS. BCBS savings will reduce CMF as additional savings.

MDOC :
Annualized Savings for next four years if the contract is extended until March 31, 2007

\$4,219,937 Current cor
 \$589,509 Savings
 13.97% Savings %

Form No. DMB 234 (Rev. 1/96)
 AUTHORITY: Act 431 of 1984
 COMPLETION: Required
 PENALTY: Contract will not be
 executed unless form is filed

**STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET**

ACQUISITION SERVICES

April 22, 2003

P.O. BOX 30026, LANSING, MI 48909

OR

530 W. ALLEGAN, LANSING, MI 48933

**CHANGE NOTICE NO. 13
 TO
 CONTRACT NO. 071B7000384
 between
 THE STATE OF MICHIGAN
 and**

NAME & ADDRESS OF VENDOR <p style="text-align: center;">Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345</p>	TELEPHONE Dr. Franklyn Giampa (517) 381-9197 VENDOR NUMBER (2) 43-1281312 (002) BUYER (517) 241-1647 Irene Pena
NIGP #948-46 Contract Administrator: Richard Russell CS-138 #472S8000078 <p style="text-align: center;">Statewide Managed Health Care Services for Prisoners - Department of Corrections</p>	
CONTRACT PERIOD From: April 1, 1997 To: March 31, 2005 *	
TERMS <p style="text-align: center;">Net 30 Days</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

*** With the option to extend for an additional 2 (two) year period.**

NATURE OF CHANGE (S):

Effective immediately, the following amendment is incorporated into this contract.

TOTAL	ESTIMATED	CONTRACT	VALUE:	\$347,933,129.77
--------------	------------------	-----------------	---------------	-------------------------

MICHIGAN DEPARTMENT OF CORRECTIONS

AMENDMENT TO THE MANAGED CARE CONTRACT (#071B7000384) **TO ADD AN ELECTRONIC PRISONER HEALTH RECORD SYSTEM**

I. TERMS AND CONDITIONS

This document serves to establish the mutually agreed terms and conditions for modification to the managed care contract (Contract) between the State of Michigan and Correctional Medical Services, Inc. (CMS), extended beginning April 1, 2003 and continuing to the end of the current contract period on March 31, 2005. Authority for this modification is found in sections **I-B ISSUING OFFICE, I-T MODIFICATION OF SERVICE, I-V RIGHT TO NEGOTIATE EXPANSION, and I-W MODIFICATIONS, CONSENTS, AND APPROVALS** found in the original contract. The effective date of this Amendment shall be October 2nd, 2001 ("Effective Date").

The basic intent of the original contract is to provide off-site specialty medical services and inpatient hospital services to all prisoners in the Michigan Department of Corrections (MDOC). This Amendment adds to the Contract but does not alter any of the original terms and conditions of the Contract outside of the official Change Orders.

To further the managed care effort and in recognition of mutual advantages of computerizing information storage and information flow for prisoner health services, CMS shall provide CMS's Electronic Prisoner Health Record system known as "Serapis©" (the EPHR System) for \$2,900,000 subject to the terms of the license granted in Article IV. This Amendment provides that the EPHR System will be initially implemented (Initial Implementation) at five of MDOC facilities and the CMS Okemos office (Western Wayne Correctional Facility, Robert Scott Correctional Facility, a camp to be named, the DLW Emergency Room and Specialty Clinics, the MDOC central office, and the CMS Okemos Office) during which CMS shall implement and test system functionality prior to extending the EPHR System to the remaining MDOC health care sites of ambulatory care listed in Appendix E (Full System Implementation).

II. OBJECTIVES

CMS shall implement an Electronic Prisoner Health Record (EPHR) for the MDOC covering all ambulatory

health care sites of service listed in Appendix E.

A. CMS shall implement an EPHR System that:

1. Integrates the record for medical services, nursing services, dental services, and mental health services and maintains screen forms for input consistent with the intent of existing record keeping/reporting activities.
2. Provides electronic pharmacy ordering capabilities, and laboratory ordering and reporting capabilities.
3. Is written in a programming language acceptable to MDOC and CMS.
4. Is tailored to the corrections environment such that it assists in the key tasks of documentation necessary for:
 - a. Efficient and effective recording of prisoner ambulatory health care encounters;
 - b. Efficient and effective exchange of data;
 - c. Efficient and effective forwarding of data alerts to appropriate clinical personnel;
 - d. Obtaining and maintaining data for health services system analysis;
 - e. Maintaining compliance with American Correctional Association (ACA) accreditation standards; and
 - f. Maintaining compliance with federal and state laws on the confidentiality of health records.
5. Offers multiple advantages over the traditional paper system including:
 - a. Standardized and legible progress notes;
 - b. Multi-user, multi-site capabilities;
 - c. Comprehensive clinical data collection per ACA standards;
 - d. Flexible and easily adaptable output reports for utilization and quality monitoring;
 - e. Patient scheduling;
 - f. Lab ordering and result tracking; and
 - g. Prescription ordering and tracking and facilitation of automatic refills when necessary.

B. Use of the EPHR System shall promote the following:

1. Consistency of care;
2. Advance identification of chronic patients;
3. Pro-active treatment of chronic patients;
4. Productivity gains through workflow and approval processes;
5. Streamlined utilization and administrative reporting on medical services provided by on-site staff;
6. Enhanced analysis of medical services provided and population characteristics through data collection and reporting;
7. Cost containment;
8. Clinical data trending and analysis;
9. Enhanced clinical decision making due to ability to rapidly access and analyze data.

III. SCOPE OF SERVICES TO BE PROVIDED BY CMS

CMS will provide the following services with respect to the Initial Implementation and the expansion to Full System Implementation within the limits defined within the Article III, Section K and which were included in the calculation of the Purchase Price hereunder. CMS shall charge MDOC its then-current fee, whether for consulting services or materials, for any additional services and/or materials requested by MDOC which are in excess of such limits contained in this Article III.

A. Project Management & Implementation. The following tasks shall be accomplished by CMS during this phase:

1. Assist MDOC in establishing project organization: CMS will assist MDOC in establishing and managing a work group that is responsible for the implementation of the EPHR System. This will include a definition of project teams and their roles and responsibilities throughout the development and implementation of the project.
2. Develop project plan: CMS will develop a project plan to phase in the EPHR System.
3. Develop test plan for Acceptance Testing: CMS will develop steps for Acceptance Testing pertaining to the EPHR System prior to Initial Implementation.
4. Identify needs: CMS will identify the need for running parallel and/or cut over to the EPHR System.
5. Conduct risk assessment: CMS, in conjunction with MDOC, may conduct a risk assessment session to identify and quantify potential risks that may impede the success of the EPHR System.
6. Develop technical design: CMS will develop a technical design document that illustrates the technical aspects of the EPHR System, including the entity relationship diagram.
7. Provide summaries to MDOC: CMS will meet twice a month with MDOC's Contract Administrator, by telephone or in person, to review progress. CMS will provide a written summary to MDOC's Contract Administrator on a monthly basis summarizing the work accomplished during the reporting period and work anticipated to be accomplished during the subsequent reporting period.
8. Acceptance Testing: Prior to the Initial Implementation, CMS will provide MDOC with a working prototype of the EPHR System to ensure that the EPHR System performs substantially in accordance with the EPHR System Features (Appendix D). MDOC shall provide CMS with a written report of any problems with such prototype and any ways in which such prototype does not perform substantially in accordance with the EPHR System Features (each, an "Acceptance Issue") no later than sixty (60) days after such

prototype is supplied to MDOC, unless CMS extends such deadline in writing. If no Acceptance Issue with respect to a System Feature is so reported, the EPHR System shall be conclusively deemed to perform substantially in accordance with the EPHR System Features. In the case any Acceptance Issue is so reported, CMS shall have ninety (90) days to cure the Acceptance Issue. If any such Acceptance Issue is not cured within the 90-day time period, MDOC may, at its election, (a) extend the time period for CMS to cure such Acceptance Issue, (b) receive a reasonable refund or credit to be mutually agreed upon by MDOC and CMS, not to exceed \$25,000 for the module with respect to which there is an Acceptance Issue until such time as the Acceptance Issue(s) with respect to such module is cured, at which time such refund or credit shall become due and owing to CMS, or (c) if CMS and MDOC agree that such Acceptance Issue or combination of Acceptance Issues are material to the satisfactory operation of the EPHR System, terminate this Amendment and receive from CMS an amount equal to one-half of the amount paid by MDOC to CMS under this Amendment as of the time of such termination. At the end of this acceptance testing and the resolution of all Acceptance Issues, the EPHR System shall be conclusively deemed to perform substantially in accordance with the EPHR System Features listed in Appendix D.

- B. Requirements Gathering.** This phase consists of analyzing MDOC's clinical processes and comparing them to those of the EPHR System in order to identify significant differences, if any.
- C. Infrastructure Analysis & Recommendations.** CMS will perform a review of MDOC's infrastructure in which the EPHR System will operate and will propose to MDOC any hardware, software, and/or communications equipment (collectively "Equipment") which is necessary for the Initial Implementation of the EPHR System. MDOC agrees to provide CMS with requested information in order to complete this review. During the Full System Implementation, both MDOC and CMS will monitor the usage of this Equipment and recommend necessary adjustments to the infrastructure to accommodate growth, provide adequate response time, and to maintain security as required by applicable State and Federal laws.
- D. Development of Planned Additional Components.** The base EPHR System consists of the Medical System. CMS will develop and implement the following Planned Additional Components to the EPHR System prior to the Initial Implementation:
 - 1. Scheduling System
 - 2. QSI© Dental System

3. Mental Health Pathways (to be jointly agreed upon by CMS and MDOC)
 4. Nursing Protocols (to be jointly agreed upon between CMS and MDOC)
 5. MDOC inmate tracking system demographic interface
 6. EPHR customization
 7. Ten (10) customized EPHR reports to be defined in conjunction with MDOC.
- E. Security Assessment. CMS agrees to perform a security assessment of the EPHR System software to reasonably attempt to identify potential security problems prior to Initial Implementation.
- F. Training. CMS, in conjunction with MDOC clinical personnel, will develop a plan for training Authorized Users and will assist MDOC clinical personnel in the implementation of the training plan.
- G. Documentation. CMS shall provide MDOC with one (1) Training/User Manual per Authorized Provider, two (2) Quick Reference Guides per Authorized Provider, and a total of two (2) Operators Manuals.
- H. Database Administration. CMS shall provide database administration, as deemed necessary by CMS, for the EPHR System from the beginning of the Initial Implementation until March 30, 2003.
- I. EPHR System Administrator. CMS shall provide one (1) FTE EPHR System Administrator to support the EPHR System for this project from the beginning of the Initial Implementation until March 30, 2003.
- J. Support. CMS shall provide support for the EPHR System as further set forth in the Software Support Services Agreement attached hereto as Appendix A.
- K. Resource Allocation Included in Purchase Price. CMS believes the resource allocation set forth below is a fair and reasonable estimate based on the scope of the project as defined by MDOC at the time the Purchase Price was submitted.

The total hours and resource allocation for the service items set forth in **Article III Sections A, B, C, E and F** are included in the calculation of the Purchase Price. The actual number of hours and/or trips spent on each such service item may vary among the five services but total trips and

hours are fixed within the Purchase Price at 54 total trips and 1,824 hours. If additional trips and/or hours are needed beyond such total, or if MDOC requests additional trips and/or hours, MDOC agrees to compensate CMS for such additional services at CMS's then current rate for CMS' employee(s) or contractor(s) to provide such additional services. For purposes of this Section, a "trip" is defined as travel by 1 CMS employee from St. Louis, Missouri to Michigan and the return home. Currently the rate for services outside of the scope of this contract is One Thousand dollars (\$1,000) per day for each employee and/or contractor.

The total hours and resource allocation for the service items set forth in **Article III Section D** is included in the calculation of the Purchase Price. The maximum number of hours spent on such service item is fixed within the Purchase Price at 950 hours. If additional hours are needed, or MDOC requests additional hours beyond such total, MDOC agrees to compensate CMS for such additional services at CMS's then current rate for CMS' employee(s) or contractor(s) to provide such additional services. Currently this rate is One Thousand dollars (\$1,000) per day for each employee and/or contractor.

The total hours and resource allocation for the service items set forth in **Article III Sections G, H, and I** are included in the calculation of the Purchase Price. If additional documentation is requested by MDOC, then MDOC agrees to compensate CMS for such additional documentation at CMS's then current rate for those items requested plus shipping and handling. If an additional EPHR System Administrator is requested by MDOC, MDOC agrees to compensate CMS for all costs associated with such EPHR System Administrator.

IV. SCOPE AND DURATION OF USE (LICENSE TO USE THE EPHR SYSTEM)

- A. Grant of License.** Subject to the terms and conditions of this Amendment, CMS hereby grants to MDOC and the Authorized Users a non-exclusive, nontransferable perpetual license to (a) use the components of the EPHR System and all documentation for the EPHR System (the "Documentation") owned and supplied by CMS to MDOC (collectively, the "Licensed Materials") only in connection with the provisions of medical services in its prison facilities for the Authorized Number of Providers only, and (b) reproduce such components of the EPHR System for (i) the purpose of making one (1) backup copy, and (ii) purposes incidental to the use thereof. "Provider" shall mean a healthcare professional licensed to prescribe medications and engaged by MDOC or by a MDOC subcontractor to render health care services directly to a patient who is under the custody and control of MDOC. "Authorized Number" shall mean the number of Providers for which MDOC has fully paid license fees as set out in this Amendment

and shall initially be 163, provided that the Authorized Number for the Dental component of the EPHR System shall initially be 55. "Authorized Users" shall mean all Providers and all employees and independent contractors working for or under the supervision of each such Provider, provided that MDOC shall have paid in full the appropriate license fee with respect to such Provider.

- B. Restrictions.** MDOC is not authorized to use the EPHR System except as outlined and set forth herein as a service bureau or outsourcer. CMS reserves all rights in and to the Licensed Materials not expressly granted herein. Accordingly, and without limiting the generality of the foregoing, MDOC shall not (a) permit any third party who is not an Authorized User to use the Licensed Materials, (b) use the EPHR System for commercial time-sharing use, or cause or permit others to do so, (c) create derivative works based on the EPHR System or the Licensed Materials, or cause or permit others to do so, (d) modify, reverse engineer, translate, disassemble, make derivative works from or decompile the EPHR System or the Licensed Materials, or cause or permit others to do so, or (e) remove any title, trademark, copyright and/or restricted rights notices or labels on the EPHR System or the Licensed Materials, or cause or permit others to do so. As described in Section B.5 of Article VIII, the EPHR System includes software licensed from QSI and MDOC's use of the EPHR System must comply with the terms of CMS's license from QSI.

- C. Additional Licenses.** During the term of this Amendment, MDOC may increase the Authorized Number of Providers by paying CMS's then-current license and maintenance fees for each additional Provider at the time the Authorized Number is to be increased. MDOC shall promptly notify CMS of any increase in the Authorized Number and shall pay, upon invoicing, the license and maintenance fees necessary to increase the Authorized Number to the actual number of Providers using the EPHR System. CMS shall have the right to audit MDOC's records upon mutually agreed-upon terms in order to determine the actual number of Providers using the EPHR System and the amounts due to CMS from MDOC.

- D. New Software Development.** MDOC understands and agrees that CMS may develop and market new or different computer software ("New Software") that uses all or part of the EPHR System and that performs all or part of the functions performed by the EPHR System. Nothing contained in this Amendment gives MDOC any rights with respect to New Software.

- E. Title to Licensed Materials; Copies.** Title to all Licensed Materials and the EPHR System including, without limitation, all copies thereof, is retained by CMS and/or its applicable

suppliers. All intellectual property rights in and to the EPHR System and the Licensed Materials including, without limitation, all patents, copyrights, trademarks and trade secrets in and to the EPHR System and the Licensed Materials are and shall remain the property of CMS and/or its applicable suppliers. The EPHR System and the Licensed Materials are protected by, among other things, the copyright laws of the United States and international copyright treaties. MDOC shall not make copies of the Licensed Materials other than as expressly authorized in this Amendment. MDOC further agrees that any and all backup copies of the Licensed Materials made pursuant to this Amendment are subject to the provisions of this Amendment and all title, trademark, copyright and restricted rights notices shall be reproduced on such backup copies.

- F. **Delivery and Installation.** Prior to the Initial Implementation, CMS shall deliver to MDOC one (1) copy of the EPHR System, on media determined by CMS, together with any Documentation. CMS shall be responsible for the installation of the EPHR System on MDOC's servers, provided that such installation shall not begin until MDOC has met all the responsibilities set out in Article V.

V. MDOC RESPONSIBILITIES

- A. System Infrastructure.** The following represents the required system infrastructure for the Initial Implementation and Full System Implementation. Purchase, installation, and maintenance of the following, including purchase of necessary software licenses required to establish the infrastructure is the sole responsibility of MDOC and MDOC acknowledges and agrees that the implementation of the EPHR System and all deadlines, system deliverables and performance guarantees are contingent on MDOC providing, purchasing, installing, maintaining, and ensuring adequate and sufficient performance of the following:

- 1. Equipment Room(s)**
- 2. Secure Location(s) for Equipment Room(s)**
- 3. Constant HVAC Services**
- 4. Sufficient Electrical Outlets and Emergency Power Source**
- 5. Dust Control in Equipment Room**
- 6. Mounting and Termination of All Hubs, Routers, Modems and Distribution Cables**
- 7. LAN/WAN Infrastructure to include the following :**
 - a.** Adequate and Sufficient Station Cables
 - b. Appropriate LAN Configuration**
 - c. Adequate WAN Design**
 - i.) TCP/IP is the Transport/Network protocol.
 - ii.) The purchase, installation, and maintenance of all LAN/WAN network equipment is the responsibility of MDOC.
- 8. SERVERS:**
 - a.** At least three (3) servers whose specifications will be determined by CMS and

MDOC upon contract execution.

- i.) NT Primary Domain Controller running MS Exchange Server as the mail server;
- ii.) NT Database server running MS SQL Server 7.0 Enterprise Version;
- iii.) A secondary database server configured as a backup domain controller with MS SQL Server 7.0 Enterprise Version to be used upon failure of the main database server or the primary domain controller;
- iv.) Additional servers, as required, to provide users with adequate response time on the statewide system as mutually determined by CMS and MDOC;

b. Servers must meet the following minimum specifications:

- i.) Be capable of utilizing sufficient Intel central processor units to provide acceptable response time in each server's role ,
- ii.) Contain at least one 100 megabit Ethernet network interface card,
- iii.) Support hardware RAID up to and including level 5 with at least 64 megabytes of memory on the controller.
- iv.) Contain an ultra-2 SCSI controller for the disk drives with at least 64 megabytes of memory on the controller (RAID and SCSI controller may be combined).
- v.) SCSI hard drives must have a sub-ten-millisecond seek time, 15,000RPM, and be hot-swappable.
- vi.) Contain sufficiently large hard drives configured as a RAID level 5 array.
- vii.) Provide acceptable performance for backups.
- viii.) Uninterruptable Power Supply, capable of at least 20 minutes of battery power and configured for automatic controlled shutdown of the server and its operating system upon power failure.
- ix.) Provide some form of remote connectivity which allows CMS acceptable bandwidth and access to facilitate remote diagnostics, monitoring, and upgrading of the system.. The form will be one that is acceptable to MDOC and agreed to by MDOC and CMS.
- x.) Have a 7x24 service maintenance contract providing onsite repair with at least a 4 hour response time.
- xi.) Sufficient memory and L2 cache in each server so that each server provides acceptable performance in its role.
- xii.) Additional servers should be installed with Microsoft Terminal Server to

provide users with adequate response time on the statewide system.

- xiii.) Network hardware and wiring (routers, switches, hubs, bridges, etc.) as necessary.
- xiv.) Sufficient PCs in the clinical and exam areas to allow the users access to the PC while seeing a patient. PCs must be at least Pentium III® 500mhz with at least 128mb RAM and contain 100 megabit network interface cards. Each PC must have at least 400 megabytes free disk space to store the application. Each PC should have at least a 17" color display monitor and a video card capable of 800x600 resolution in 24-bit true color.
- xv.) Printers must be network-capable in sites with more than one PC (or thin client). Sites with one PC (or thin client) can be configured with a low-speed ink-jet printer connected to each device via parallel cable.
- xvi.) Adequate amounts of label printers must be networked and deployed in lab draw areas and other areas as needed for efficiency.

B. MDOC Support Services. MDOC is to provide sufficient Support Services to monitor equipment and networks, respond to outages, down-time, and all equipment, network and non-EPHR Systems issues and respond to any user calls and act as level one support. MDOC will provide reasonable escalation and remedies for down-time beyond user-acceptable levels.

C. MDOC Staff Resources.

1. Project Manager - MDOC will select and assign an EPHR Project Manager who will bear responsibility for the successful implementation of the EPHR system, act as CMS' point of contact within MDOC, manage MDOC resources, provide project management, review project deliverables, provide leadership, review completed application, and provide timely problem resolution and escalation.
2. Nursing Leader - MDOC will select and assign an EPHR Nursing Leader who will provide leadership and direction for MDOC nursing staff. This resource will manage nursing resources, assist in training clinical personnel, be responsible for proper utilization of the EPHR system by the nursing staff, and provide timely problem resolution and escalation.
3. MIS Leader - MDOC will select and assign an EPHR MIS Leader who will be responsible for the performance of the EPHR infrastructure as well as the level one support provided by MDOC MIS staff, and will provide leadership and direction for MDOC MIS staff. This resource will manage MDOC MIS resources, and provide timely problem resolution and escalation.
4. Mental Health Leader- MDOC will select and assign an EPHR Mental Health Leader

who will provide leadership and direction for MDOC Mental Health staff. This resource will manage MDOC Mental Health resources, provide timely problem resolution and escalation.

D. Security. MDOC will be responsible to implement the infrastructure within which a secure Serapis application can run, following mutual discussion between MDOC and CMS on the security measures needed. The EPHR system will be an encapsulated piece of the MDOC MIS structure. Both MDOC and CMS need to provide physical building security at their sites to control access to the application and data. In addition MDOC needs to provide network security, while CMS needs to provide software application security both within the EPHR system and between the EPHR system and Windows NT/2000. Data that travels across lines that are not in the control of MDOC needs to be encrypted, and that is CMS's responsibility; if determined to be necessary, MDOC will take steps to facilitate this encryption. It is the responsibility of both MDOC and CMS to ensure that each of their respective aspects of the infrastructure meets all state and federal laws, rules, and regulations relating to security and confidentiality of patient medical records. It is the responsibility of both MDOC and CMS to perform a joint security assessment of the infrastructure.

E. MDOC Contract Administrator. CMS shall work with the MDOC Contract Administrator who is responsible for coordinating the following activities:

1. Monitoring contract compliance;
2. Reviewing project deliverables;
3. Reviewing completed application;
4. Resolving MDOC-related issues as they arise;
5. Performing other activities pertaining to the EPHR System as deemed necessary by MDOC; and
6. Facilitating all communications with other state entities, as needed

VI. PURCHASE PRICE AND TAXES.

A. Purchase Price.

The total project, maintenance, and support cost of the EPHR System is \$5,848,000 and the detail can be found in Appendix B – Project Costs. In recognition of the CMS/MDOC shared benefit to the existing managed care system in helping to manage costs and promote quality and efficiency, CMS has given MDOC discounts in the total amount of \$2,948,000. The final

cost to MDOC is \$2,900,000 (the "Purchase Price"), provided, however, that this amount is based on the assumptions about estimated numbers of Providers in Section A of Article IV. If MDOC licenses additional Providers beyond the estimated number, the cost will increase in accordance with the terms of the EPHR Systems license in Article IV. The Purchase Price includes the cost of Support Services (as defined in the Software Support Services Agreement (Appendix A)) for the Initial Term of this Amendment.

B. Taxes.

In addition to all charges specified in this Amendment, MDOC shall pay for all federal, state, local or other taxes not based on CMS's net income or net worth, including, but not limited to, sales, use, privilege and property taxes, or amounts levied in lieu thereof, based on charges payable under this Amendment or based on the Licensed Materials, their use or any services performed hereunder, whether such taxes are now or hereafter imposed under the authority of any federal, state, local or other taxing jurisdiction; in lieu thereof, MDOC shall provide a valid exemption certificate to CMS and the appropriate taxing authorities.

VII. CONTRACT INVOICING AND PAYMENT

Payment of the Purchase Price shall be made according to the Payment Schedule attached as Appendix C. License fees for increases in the Authorized Number and amounts due CMS for any additional services shall be paid within thirty days of invoice from CMS. Interest on late payment for amounts greater than 15 days past due shall be the lesser of 1.5% per month or the maximum amount permitted by law and shall accrue as of the due date for such payment. In addition, past due payments may result in the termination of this Amendment under the provisions of Section B of Article VIII.

VIII. TERM AND TERMINATION

A. Term.

The term of this Amendment shall commence on the Effective Date and shall continue until March 30, 2003 ("Initial Term"), unless it is terminated or extended as provided herein. At any time prior to the end of the Initial Term, the parties may agree in writing to extend the term of this Amendment for such term, including renewal terms, as the parties mutually agree.

B. Termination

1. **Termination for Default.** If either party defaults in the performance of any of its obligations hereunder, and fails to cure such default within ninety (90) days after receipt of written notice from the other party specifying such default (except that MDOC shall only have fifteen (15) days to cure a default for non-payment under Section VII above), then the other party shall have the right to terminate this Amendment by providing written notice of such termination to the other party and, in such event, this Amendment shall terminate on the date specified in such notice.
2. **Termination If Contract Terminated.** A termination of the Contract shall not terminate this Amendment unless specifically specified in the termination notice.
3. **Termination by Agreement.** The parties may mutually agree to terminate this Amendment in the event that the Software Support Services Agreement (Appendix A) is terminated.
4. **Remedies.** Termination of this Amendment shall not limit either party from pursuing any other remedies available to it, including injunctive relief, nor shall such termination relieve MDOC of its obligation to pay all fees that accrued prior to such termination.
5. **Transfer of Licenses upon Termination.** The EPHR System is comprised of software owned by Quality Systems International (QSI) and licensed to CMS, as well as CMS-owned software. CMS has combined these pieces of software to create the EPHR System known as "Serapis©." In the event that MDOC so requests and (a) the Contract is terminated including this Amendment, (b) this Amendment is terminated, or (c) the Software Support Services, Agreement (Appendix A) is terminated, CMS shall transfer to MDOC all individual Provider licenses for the Authorized Number of Providers currently paid in full by MDOC at such time to utilize the QSI software in the EPHR System, provided MDOC executes a Software License and Services Agreement with QSI or its applicable subsidiary or affiliate. Thereafter, MDOC may increase the Authorized Number of Providers by purchasing additional licenses for Providers directly from QSI for its software and by also purchasing additional licenses for Providers from CMS for the software enhancements created by CMS which make up the EPHR System by paying CMS the sum of One Thousand, Five Hundred Dollars (\$1,500) for each additional

Provider added to the Authorized Number, provided that, after the second anniversary of such termination, CMS may increase such \$1,500 fee for such increases annually by a percentage not to exceed the then current annual percentage increase in the Consumer Price Index – All Urban Consumers as published by the United States Department of Labor’s Bureau of Labor Statistics, or 5%, whichever is greater by giving written notice to MDOC of such increase. After such transfer, MDOC may obtain maintenance from QSI directly for both QSI’s software and the CMS-owned software or may contract with CMS to continue to provide support services for the EPHR System. In the event of such a termination where MDOC does not request that CMS transfer such licenses, MDOC shall return to CMS or destroy all copies of the Licensed Materials and the EPHR System and cease using the Licensed Materials and the EPHR System as of the date of termination. If MDOC elects to destroy all copies of the Licensed Materials, MDOC shall provide CMS with a sworn certification that such destruction has been accomplished within the first five (5) days of the completion of such destruction. Notwithstanding anything herein to the contrary, if such license transfer takes place on account of a termination due to a breach by MDOC for a failure to pay amounts due under this Amendment, CMS shall have no obligation to transfer any licenses beyond the Authorized Number for which payments have been received in full. For purposes of this document, the term “QSI” shall mean Quality Systems International, Inc. and any of its subsidiaries and affiliates.

IX. WARRANTIES AND REMEDIES.**A. Warranties.**

CMS hereby warrants that, when delivered, the EPHR System will perform in substantial accordance with the EPHR System Features listed on Appendix D.

B. Disclaimers.

EXCEPT AS WARRANTED IN SECTION A ABOVE AND EXCEPT AS OTHERWISE PROVIDED WITH RESPECT TO CERTAIN SERVICES UNDER THE SUPPORT SERVICES AGREEMENT, THE EPHR SYSTEM, THE LICENSED MATERIALS AND ALL SERVICES PROVIDED UNDER THIS AMENDMENT ARE PROVIDED "AS IS" AND CMS DISCLAIMS ANY AND ALL WARRANTIES OR CONDITIONS, EXPRESS, IMPLIED, ORAL OR WRITTEN, INCLUDING WITHOUT LIMITATION ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, REASONABLE CARE, AND/OR FITNESS FOR A PARTICULAR PURPOSE (WHETHER OR NOT CMS KNOWS OR HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), IN EACH INSTANCE WITH RESPECT TO THE EPHR SYSTEM, LICENSED MATERIALS, ANY SERVICES OR ANY PART OR ELEMENT THEREOF. CMS FURTHER DISCLAIMS ANY AND ALL WARRANTIES, CONDITIONS, AND/OR REPRESENTATIONS OF TITLE AND NON-INFRINGEMENT WITH RESPECT TO THE EPHR SYSTEM AND THE LICENSED MATERIALS.

No employee or agent of CMS is authorized to modify the disclaimers contained in the preceding paragraph of this Section or to make any warranties.

C. Limitations of Liability.

1. **Damages Limitation.** IN ALL EVENTS, CMS'S AGGREGATE LIABILITY TO MDOC FOR CLAIMS RELATING TO THE LICENSED MATERIALS AND/OR THIS AMENDMENT, WHETHER FOR BREACH OF CONTRACT OR IN TORT, SHALL BE LIMITED TO THE TOTAL AMOUNTS ACTUALLY PAID BY MDOC TO CMS UNDER THIS AMENDMENT. IN NO EVENT SHALL CMS BE LIABLE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE LICENSED MATERIALS AND/OR THIS

AMENDMENT, EVEN IF CMS IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

2. QSI Software. CMS shall have no liability whatsoever with respect to the elements of the EPHR System licensed from QSI.
3. Allocation of Risk. The provisions of this Section IX represent a reasonable allocation of the risks under this Amendment. CMS's willingness to grant the license herein granted reflects this allocation of risk and the limitations of liability specified herein.

X. CONFIDENTIALITY AND NON-SOLICITATION.

- A. **Confidential Information.** The EPHR System, all Licensed Materials, the terms of this Amendment, and all materials labeled "confidential" by CMS shall be considered CMS's confidential and proprietary information ("Confidential Information"). MDOC agrees forever not to (1) disclose Confidential Information, or (2) use Confidential Information, in each instance other than for purposes expressly provided for in this Amendment. MDOC and its employees, independent contractors and agents shall not sell, license, publish, display, distribute, disclose or otherwise make available this information to any third party nor use such information except as authorized by CMS. MDOC shall not disclose any of the Confidential Information concerning the EPHR System, including but not limited to any flow charts, logic diagrams, user manuals and/or screens, to persons not an employee or agent of MDOC, without the prior written consent of CMS. MDOC shall cause its employees, independent contractors and agents, including, without limitation, any successor to CMS who provides health care information or related services to MDOC that in any way involve the use of the EPHR System, to agree to be bound by and comply with the provisions of the Article X.
- B. **Exclusions.** Notwithstanding the foregoing, Confidential Information which (1) is or becomes a part of the public domain through no direct or indirect act or omission of MDOC to which it is disclosed, or (2) lawfully and properly is disclosed to MDOC by a third party without restriction on disclosure, shall not, in such event, and then only to the extent, constitute, as applicable, Confidential Information and accordingly, the applicable provisions of this Article X shall not be applicable thereto. Notwithstanding anything herein to the contrary, MDOC may make disclosures of Confidential Information as required by a court order, provided that MDOC gives CMS notice of any such proceeding, uses reasonable efforts to limit disclosure and to obtain confidential treatment or a protective order, and has notified and allowed CMS to participate in

the proceeding.

- C. Non-Solicitation.** During the term of this Amendment and continuing for one (1) year thereafter, MDOC agrees not to hire, contract, or solicit the employment of any current or previous employee of CMS who has been involved with the EPHR System or its implementation or service under this Amendment, either directly or indirectly, without the prior written consent of CMS.

XI. MISCELLANEOUS PROVISIONS.

- A. Assignment.** This Amendment and the Licenses granted hereunder may not be assigned, transferred, pledged or hypothecated by MDOC, whether voluntarily or involuntarily, without the prior written consent of CMS. Subject to the foregoing, this Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns.

- B. Headings, Defined Terms, Use of Terms.** Headings of articles and sections in this Amendment are for the convenience of the parties only. Accordingly, they shall not constitute a part of this Amendment when interpreting or enforcing this Amendment. All defined terms used in this Amendment shall be deemed to refer to the masculine, feminine, neuter, singular and/or plural, in each instance as the context and/or particular facts may require. Use of the terms "hereunder," "herein," "hereby," and similar terms refer to this Amendment.

- C. Appendices.** Each Appendix to this Amendment to which reference is made in this Amendment including Appendices A, B, C, D, and E is hereby incorporated in this Amendment as an integral part of this Amendment. In the event of a conflict between the terms and provisions of this Amendment, absent the Appendices, and any of the terms and provisions of any such Appendices or any amendments thereto then the terms of this Amendment, absent the Appendices, shall control.

- D. Authority.** CMS and MDOC hereby represent that they have full power and authority to enter into and perform this Amendment and CMS and MDOC do not know of any contract, agreement, promise or undertaking that would prevent the full execution and performance of this Amendment.

- E. Force Majeure.** Any delays or failures by either party hereto in the performance of the obligations hereunder shall be excused if and to the extent such delays or failures are caused by occurrences beyond such party's control, including, without limitation, acts of God, strikes or other labor disturbances, war, whether declared or not, sabotage, and/or any other similar cause that cannot reasonably be controlled by such party.

- F. Entirety.** This Amendment, including the Appendices, embodies the entire understanding between CMS and MDOC with respect to the EPHR System and there are no contracts (other than the Contract), understandings, conditions, or representations, oral or written, with reference

to the subject matter hereof which are not merged herein. Except as otherwise specifically stated, no modification hereto shall be of any force or effect unless (a) reduced to writing and signed by both parties hereto, and (b) expressly referred to as being a modification of this Amendment.

- G. **Severability.** In the event any one or more of the provisions contained in this Amendment or any application thereof finally shall be declared by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions of this Amendment or any application thereof shall not in any way be affected or impaired, except that, in such an event, this Amendment shall be amended in such respects as are necessary to provide the party adversely affected by such declaration with the benefit of its expectation, such expectation being evidenced by the provision(s) affected by such declaration, to the maximum extent legally permitted. The parties hereto shall negotiate the terms of such amendment in good faith but, in the event they do not reach an agreement in that regard for any reason, the court in which the aforesaid declaration is made shall have the right to effectuate such amendment or, if that is not possible, provide the party adversely affected by such declaration with another appropriate remedy.
- H. **Michigan Information Technology (IT) Standards.** The state has adopted several Information Technology Standards for use on all IT projects. This policy is referenced in the document titled “DMB Administrative Guide Procedures 1300 Information Standards and Planning”. Vendors may obtain a copy of this document by contacting the DMB Office of Information Technology Solutions. The State of Michigan IT Standards can be obtained from the DMB Chief Information Officer’s web site at <http://www.state.mi.us/cio>.

The vendor shall use the State’s IT Standards for implementation of all State of Michigan Information Technology (IT) projects. The requesting agency will provide the applicable documentation and internal agency processes for the IT Standards. If the vendor requires training on the IT Standards, those costs shall be the responsibility of the vendor, unless otherwise stated.

Under special circumstances vendors that are compelled to use alternative IT standards must submit an exception request to the Office of Information Technology Solutions for evaluation and approval of the alternate standard prior to proposal evaluation by the State. The vendor will be requested to demonstrate seamless integration into State IT standards, at the vendor’s expense, prior to approval of an exception request.

Except as to the terms and conditions added by this Amendment, including the Appendices thereto, all of the terms and conditions of the Contract and any amendment thereto, are declared by the parties to be in full force and effect.

IN WITNESS THEREOF, the parties have set their hands and seals hereto as of the day and year first above written.

FOR THE VENDOR: FOR THE STATE:
CORRECTIONAL MEDICAL SERVICES,
INC.

By _____

Michael G. Pfeiffer

Executive Vice President

Date: _____

By _____

Director of State Purchasing

Date: _____

(Seal)

(Seal)

Appendix A

Software Support Services Agreement

This Software Support Services Agreement is referenced in and incorporated into the Amendment to The Managed Care Contract (#071B7000384) to add an Electronic Prisoner Health Record System to the Agreement between Correctional Medical Services, Inc. (CMS) and the State of Michigan for services to the Michigan Department of Corrections ("MDOC") and applies to CMS's Electronic Prisoner Healthcare Record System (the "EPHR System"/Serapis©) more specifically described in the Amendment.

1. Coverage

CMS shall provide MDOC with the services for the EPHR System set out in this Support Services Agreement (Support Services) for the facilities set forth in Appendix E in consideration of MDOC's payment of the applicable Support Services fees to CMS. Only designated MDOC employees may contact CMS for the provision of Support Services. MDOC, with the written approval of CMS, may acquire Support Services for additional MDOC facilities and Providers by paying to CMS the applicable license fee with respect to such additional Providers as well as the annual Support Services fee.

2. EPHR System Maintenance

The following technical and functional improvements will be issued periodically by CMS to MDOC to improve EPHR System operations (such improvements shall be delivered or otherwise made available to MDOC no later than thirty (30) days after their general availability to CMS's customer base):

- Fixes to Errors;
- Updates; and
- Minor enhancements.

3. Priority Level of Errors

Upon notice of a potential Error from MDOC, CMS and MDOC shall reasonably determine whether such potential Error is an Error and the priority level of such Error and shall thereafter address each Error in accordance with the following protocols:

Priority A:

Within one business day CMS initiates the following procedures: (1) assign CMS specialist(s) to correct the Error; (2) provide ongoing communication on the status of the correction; and (3) begin to provide a Workaround or a Fix.

Priority B:

(1) Within two business days CMS assigns a specialist to commence correction of Error; and (2) provide escalation procedures as reasonably determined by CMS support staff. CMS exercises all commercially reasonable efforts to include the Fix for the Error in the next EPHR System maintenance release.

Priority C:

CMS may include the Fix for the Error in the next major EPHR System release which is generally every six months.

4. Support Method

CMS shall provide telephone, email or web-based support concerning installation and use of the EPHR System. Standard telephone support hours are Monday through Friday, 7:00 a.m. to 4:00pm, Central Time. Support is available 24-hours a day, 7-days a week to resolve critical production problems outside of standard support hours.

5. MDOC's Obligations

MDOC will maintain adequate support personnel and resources to provide, and will so provide, support by qualified personnel to the Authorized Users of the EPHR System, providing assistance to such Authorized Users including instruction, basic troubleshooting, problem determination and problem resolution. MDOC will provide initial screening of support issues to determine whether the problem is related to the EPHR System. Only issues relating to the EPHR System will be forwarded to be addressed by CMS. All support issues determined by CMS not to be related to the EPHR System (including, without limitation, those issues relating to items set out in Article V of the Amendment) shall be handled by MDOC's support personnel.

6. Fees

The initial period of Support Services for MDOC shall run from the Effective Date through March 30, 2003 and the cost of the Support Services for the initial period is included in the Purchase Price. Support Services fees after the Initial Period shall be paid annually in advance in accordance with CMS's then-current fee schedule. To receive services that exceed the terms set out in this Support Services Agreement, MDOC agrees to pay CMS's then-current rates for such services, including associated reasonable travel and living expenses for on-site activity.

Support Services fees after the initial period shall be paid within thirty days of invoice from CMS. Interest on late payments more than 15 days past due shall be the lesser of 1.5% per month or the maximum amount permitted by law and shall accrue as of the due date for such payment. In addition, past due payments may result in the termination of this Support Services Agreement. MDOC agrees to keep current the Support Services Agreement during the Term of the Contract and any extensions.

7. Exclusions

CMS shall have no obligation to support:

- a) Altered, damaged or substantially modified software comprising the EPHR System unless altered, damaged or substantially modified by, or under the written direction of, CMS;
- b) EPHR System software that is not the then-current release, or a Previous Sequential Release;
- c) Errors caused by MDOC's negligence, hardware malfunction, or other causes beyond the reasonable control of CMS;
- d) The EPHR System if it is installed in a hardware, network or operating environment not supported by CMS;
- e) Third party software not licensed through CMS and any hardware or network support services; and
- f) Any hardware or LAN/WAN issues, as well as any infrastructure issues.

MDOC acknowledges and agrees that MDOC, under the terms of the Amendment, is obligated to purchase and implement the hardware and third party software required for the use of the EPHR System independently. MDOC acknowledges and agrees that (a) CMS makes no representation and provides no warranty with respect to any hardware or third-party software, including, without limitation, software comprising the EPHR System licensed from QSI, and (b) any support or maintenance services related to problems or issues dealing with MDOC-provided hardware or third-party software are outside the scope of the Support Services Agreement. MDOC agrees to obtain CMS' best-effort confirmation that the configuration of any hardware or third party software obtained by MDOC will be compatible with the EPHR System prior to implementing such configuration.

8. Limitation of Liability

IN ALL EVENTS, CMS'S AGGREGATE LIABILITY TO MDOC FOR CLAIMS RELATING TO THE SUPPORT SERVICES AGREEMENT, WHETHER FOR BREACH OF CONTRACT OR IN TORT, SHALL BE LIMITED TO THE DISCOUNTED AMOUNTS ACTUALLY PAID BY MDOC TO CMS FOR SUPPORT SERVICES. IN NO EVENT SHALL CMS BE LIABLE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE SUPPORT SERVICES AGREEMENT, EVEN IF CMS IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. General

All Enhancements, Updates, Fixes and Workarounds provided to MDOC are subject to the terms and conditions of this Support Services Agreement.

10. Definitions

Unless otherwise defined herein, capitalized terms used herein shall have the same meaning as set forth in the Amendment. The following terms as used in this Agreement or in the Amendment shall have the following meanings:

"Enhancement" means technical or functional additions to the EPHR System to improve EPHR System functionality and/or operations. Enhancements are delivered with new releases of the EPHR System.

"Error" means a malfunction in the EPHR System that degrades the use of the EPHR System.

"Fix" means the repair or replacement of source or object or executable code versions of the EPHR System to remedy an Error.

"Previous Sequential Release" means a release of EPHR System for use in a particular operating environment which has been replaced by a subsequent release of the EPHR System in the same operating environment. A Previous Sequential Release will be supported by CMS for a period of six (6) months after release of the subsequent release.

"Priority A" means an Error that: (1) renders the EPHR System inoperative; or (2) causes the EPHR System to fail catastrophically.

"Priority B" means an error that affects performance of the EPHR System, but does not prohibit MDOC's use of the EPHR System.

"Priority C" means (a) an Error that causes only a minor impact on the use of the EPHR System, and (b) any other Errors that are not Priority A or Priority B.

"Update" means all published revisions to the Documentation and one (1) copy of the new release of the EPHR System which are not designated by CMS as new products for which it charges separately.

"Workaround" means a change in the procedures followed or data supplied, to avoid an Error without significantly impairing performance of the EPHR System.

APPENDIX B PROJECT COSTS

	Pilot Project		Statewide Rollout	
	(5 Facilities)		Contract Totals	
			(62 Facilities)	
Base System Implementation (Includes)	\$175,000		\$2,415,500	
			State	
Licenses			<u>Total</u>	
Serapis [®] (@ \$1,500/license)	10	\$15,000	163	\$244,500
Medical (@ \$6,000/License)	10	\$60,000	163	\$978,000
Scheduling (@ \$4,000/license)	10	\$40,000	163	\$652,000
Dental (@ \$4,000/license)	1	\$4,000	55	\$220,000
** 3 rd Party Software				
Interfaces				
Inmate Tracking		\$25,000		\$25,000
Lab		\$20,000		\$20,000
Radiology Results Reporting		\$15,000		\$15,000
Customization	<u>\$350,000</u>		<u></u>	
Subtotal-Project Costs	\$704,000		\$4,570,000	
Software Support Services				
Serapis [®]	10	\$48,000	163	\$1,098,000
Medical	10		163	
Scheduling	10		163	
Dental	1		55	
24x7 Support Upgrade	<u>\$120,000</u>		<u></u>	
Subtotal-Support	\$168,000		\$1,098,000	
On-site Technical Resources			\$180,000	

Discounts:

Base system

Licenses:

Medical	(\$60,000)	(\$978,000)
Scheduling	(\$40,000)	(\$652,000)
Dental	(\$4,000)	(\$220,000)
Customization		
Software Support Services	<u>(\$168,000)</u>	<u>(\$1,098,000)</u>
<i>Subtotal-Discounts</i>	<u>(\$272,000)</u>	<u>(\$2,948,000)</u>
Net Contract Cost	\$600,000	\$2,900,000
Credit for Pilot	<u> </u>	<u>(\$600,000)</u>
Contract Cost for Component*	<u><u>\$600,000</u></u>	<u><u>\$2,300,000</u></u>

- This discounted price includes all services and software on this proposal.
- ** 3rd Party Software licenses include the following;
- (1) MS SQL Server + (200) client access
- (1) MS Exchange Server + (100) client access
- (1) Citrix Server license + (400) ICA client
- (1) Crystal Reports Professional, (1) Carbon Copy 32 (server and remote)

APPENDIX C

PAYMENT SCHEDULE

MDOC agrees to pay CMS the Purchase Price according to the following payment schedule, on the condition that the corresponding milestones have been met, subject to the terms and conditions of Article VII of the Amendment. In addition to all charges specified in this Appendix C, MDOC shall pay for all federal, state, local or other taxes not based on CMS's net income or net worth, including, but not limited to, sales, use, privilege and property taxes, or amounts levied in lieu thereof, based on charges payable under this Appendix C or based on the Licensed Materials, their use or any services performed hereunder, whether such taxes are now or hereafter imposed under the authority of any federal, state, local or other taxing jurisdiction; in lieu thereof, MDOC shall provide a valid exemption certificate to CMS and the appropriate taxing authorities.

Milestone	Payment
Amendment to Managed Care Contract (#071B7000384) becomes effective (Effective Date).	\$300,000
Completion of CMS' responsibility under Section IV Item F of the Amendment regarding Delivery and Installation of EPHR System on MDOC servers	\$300,000
Completion of CMS' responsibility to deliver documentation and activate Serapis [®] licenses at 2 of the 5 Initial Implementation Sites.	\$150,000
Completion of CMS' responsibility to deliver documentation and activate licenses at all 5 of the Initial Implementation sites.	\$150,000
Completion of Acceptance Testing pursuant to Section III – Item 8-A of the Amendment.	\$1,100,000
End of Coaching at SMT/RGC: May 1, 2003.	\$300,000
End of Coaching, Phase 1 of Rollout: Jun 26, 2003.	\$200,000
End of Coaching, Phase Two of Rollout: October 2, 2003.	\$200,000
End of Coaching, Phase 3 of Rollout: December 18, 2003.	\$200,000
Total	\$2,900,000

*Payment shall not be withheld if either the Initial or Full Implementation is delayed due to MDOC's failure to fulfill its responsibilities under the

Amendment, including purchase and installation of hardware necessary to accommodate the EPHR system.

Appendix D

EPHR System Features

The EPHR System provided by CMS shall perform substantially in accordance with the features and functionalities listed below.

A. General

The EPHR System supports:

1. Capturing detailed patient information including demographics, problem lists, health assessments, and test results.
2. Capturing health screening of patients.
3. Providing alerts for identifying potentially chronically ill patients during the health screening process.
4. Providing reminders for appointments, test preparations and test results.
5. Providing appointment scheduling of patients with nurses/ physicians/psychologists/dentists.
6. Capturing baseline data relevant to a specific disease.
7. Capturing disease specific flow sheet data and generate Subjective, Objective, Assessment, Plan("SOAP") notes during patient encounters with a healthcare provider.
8. Generating printed summary sheets for all encounters for a single patient as well as groups of patients, or all patients in the system.

B. Functionality

The EPHR System supports:

1. Printing forms and reports, including system data elements as well as aggregates on the reports, through a third party reporting package.
2. Printing reports based on data elements such as encounter, date range or provider.
3. Printing a patient's complete chart (such as date, time, provider, provider type, patient name, date of birth, id #, encounter, medication, order information, etc.)
4. Making specific fields a required entry (i.e. the record may not be saved until those fields are completed)
5. Allowing setting of reminders and alerts.
6. Generating electronic orders for medications.

7. Receiving lab results electronically, link them to the correct patient, and graph trends on numeric data elements.
8. Supporting one patient having multiple chronic care diseases by allowing providers to perform multiple severity level assessments and assigning multiple treatment plans and associated flow sheets.
9. "Locking" an encounter to prevent editing, both manually as well as via preset time frames.
10. Attaching an addendum to any "locked" visit.
11. Providing triggers on data elements using Boolean operators and/or logic branching.
12. Archiving medical records, as well as restoring that data in a fully functional state at a later date.
13. Merging patient records that are duplicates based on Inmate ID, or some other unique identifier, into one comprehensive medical record containing the UNION of the data in both previous records.
14. Storing and display images using one or more standard formats (e.g., .bmp, .gif, jpg, tif, etc)
15. Providing patient search by name, account #, DOB, and SSN.
16. Providing simplified patient look-ups by using selection criteria. (e.g. patient look-ups listed by last name).
17. Providing email capability, including workflow processing via email, and handling attachments; is able to send, forward, reply, and cc: to multiple other users.
18. Displaying outstanding orders for a patient in order screens, as well as in all chronic care treatment plans, to reduce duplicate ordering.
19. Providing a patient overview feature facilitating a single-screen summary of information about the patient in the following categories: vital signs/chronic disease test results, allergies, procedures, problems/diagnoses, and medications.
20. Providing electronic signatures for system users.

C. Health Screening

The EPHR System supports:

1. Allowing use of health screens with branching logic and flow control.
2. Incorporating health-screening screens for required data elements.
3. Pop-up windows and variations of questions based on previous answers.
4. Recording the initial health screen record and subsequent changes tracked by the system user.

D. History and Physical

The EPHR System supports:

1. Transferring relevant data from forms in which the data is first captured (i.e. entered) to other forms where

that same data is displayed.

2. Providing an immunization screen to track dates immunizations have been given, any reaction to the immunization; also provides history of any infectious disease.

E.

Clinical Pathways

The EPHR System supports:

1. Including clinical pathways for chronic diseases as a stock component of the delivered system (i.e. these pathways are pre-built for Asthma, Diabetes, HIV/AIDS, Hypertension, Seizures and TB Prophylaxis).
2. Provide capability to set up and modify criteria for determining level of severity for specific diseases (these capabilities exist for Asthma, Diabetes, HIV/AIDS and Hypertension)
3. Suggest a severity level based on the defined clinical pathway and clinical data (these capabilities exist for Asthma, Diabetes, HIV/AIDS and Hypertension).
4. Allowing a provider to override the clinical pathway or treatment plan.
5. Providing sign-off capability for system users providing the care.
6. Providing an approval mechanism for requesting and receiving approval for non-formulary orders.
7. Allowing access to patient's medical record, orders etc. from facility to facility within MDOC system, for users with sufficient security to access the record.
8. Providing a method to enter medical procedures that have been completed with a patient.
9. Allowing the provider to assign diagnoses to the patient, including onset dates and resolution dates.
10. Enabling the physician to navigate clinical pathways to help decide severity levels and treatment plans after the physician renders a diagnosis.

F. Medication Module

The Medication Module supports:

1. Tracking medication prescriptions for each patient.
2. Collecting orders that consist of a date/time stamp, provider code, user code, medication, location, dose, form, route, sig, start date, stop date, quantity, refills, provider, renewal and status indicator.
3. Displaying a screen that lists orders per patient in date order.
4. Activate an order automatically when medications are recorded.
5. Allowing for cross-referencing between generic and brand drugs.
6. Providing drug interaction checking along with information about interaction details.
7. Linking drug allergies to the medication module so that, if a medication is prescribed that poses a potential

drug allergy conflict, the provider is alerted of the allergy and asked to confirm the prescription.

8. Medication formularies and distinguishes each drug as formulary or non-formulary.
9. Allowing medication search by payor (allowing for a specific formulary listing to appear), by diagnoses (for a set of diagnoses relating to the chronic diseases identified), and by provider.
10. Providing drug education materials for both staff and inmates.
11. Providing the capability for medication renewals.
12. Providing each prescriber the ability to create a custom list of medications tailored to their individual needs and linked to their login (i.e. not available to other prescribers).

G. Nursing Protocols

The EPHR System supports:

1. Providing approximately 40 CMS nursing protocols for sick call as a pre-built component of the system.
2. Capturing problem specific flow sheet data and generate SOAP (Subjective, Objective, Assessment and Plan) notes during patient encounter with a nurse.
3. Providing ability to capture vital signs in encounter screen.
4. Providing capability to recommend physician referral based on protocol's subjective or objective results.
5. Providing patient education documents.
6. Providing capability to print a visit summary.
7. Providing ability to note nurse protocol completion if no physician referral is necessary

H. Education

The EPHR System supports:

1. Storing and retrieving educational materials for a patient by disease so the provider can easily access and print the information.

I. Chronic Care Encounters

The EPHR System supports:

1. Providing the nurse or physician access to previous information captured in the EPHR System on the patient, including original health screening and history & physical data, during visits for chronic care clinics.
2. Allowing provider to add to the flow sheet and generate new SOAP notes for the visit utilizing clinical

pathways as described above.

3. Using clinical pathway information to suggest severity levels based on objective data and suggest plan options based on the severity. (these capabilities exist for Asthma, Diabetes, HIV/AIDS and Hypertension)
4. Detecting a change in severity level using the flow sheet and clinical pathway and suggest a new severity level if appropriate. (these capabilities exist for Asthma, Diabetes, HIV/AIDS and Hypertension)
5. Recording the referral of a patient to a specialist within the EPHR System.
6. Recording each health encounter and assists to identify whether a patient may have a chronic disease.

J.

Appointment Scheduling Module

The Appointment Scheduling Module supports:

1. Allowing viewing and scheduling of appointments.
2. Generating customizable reports, such as statistical reports, utilization reports, reminders and correspondence using a third party report writer. CMS will provide one (1) copy of Crystal Reports, and train a MDOC employee on usage of the CMS provided reports.
3. Providing schedules that support weekly/daily templates, categories, events, and resources.
4. Allowing provider view by day, week, month, or year.
5. Providing unlimited over-bookings.
6. Allowing adjustable time increments.
7. Providing appointment conflict checking.
8. Providing the ability to search ahead for schedule availability.

K.

Dental Module

The Dental Module supports:

1. Creating a variety of customized documents and reports.
2. Providing a graphical interface which eliminates duplicate data entry.
3. Providing graphical tooth charting and treatment planning to improve chart accuracy and support increased productivity.
4. Providing an on-line patient dental history, displaying procedures and provider notes.
5. Displaying complete tooth history by clicking on the graphic display of a particular tooth directly from the chart.
6. Storing provider notes as a separate line item in a patient dental history file.
7. Allowing use of client-defined colors to categorize text notes, such as medical alerts, conditions to monitor

closely, or provider-specific comments.

8. Providing customizable Quick Pick buttons for procedural and diagnostic entry.
9. Providing specialty-specific charting for ortho, perio, endo, oral surgery and others.
10. Providing PSR Scoring.
11. Providing patient progress and visit comparison graphs.

L. Information Access and Reports

If a third party report writer is used the EPHR System supports:

1. Aggregates of patients past due for a visit(s) or medication(s).
2. Generating reports based on clinical and administrative data in the database.
3. Providing the end user the capability to create and save reusable report definitions.
4. Grouping patients according to disease, diagnosis, etc.
5. Reporting on patient history, medications, chronic care visits, etc.
6. Reporting on types of chronic care visits, number of visits per chronic care and progress of severity level of patients in chronic care.
7. Trending outcomes of patients in chronic care.
8. Tracking patients needing offsite care by a specialty provider.
9. Providing aggregate reports by providers

M. System Architecture/Technology Requirements

The EPHR System architecture:

1. Supports industry standard hardware (i.e. Intel Pentium based systems).
2. Supports industry standard thin client systems (i.e., Wyse, etc.)
3. Supports industry standard operating systems (i.e. Windows 95/98/NT/2000 Workstation on the client and NT on the server). The NT servers will function within a Novell environment.
4. Uses industry standard network infrastructures (i.e. Ethernet, TCP/IP).
5. Provides centralized system model, client/server architecture, with support for thin-client implementations.
6. Provides as a Database Microsoft SQL Server, an ODBC compliant RDBMS (Relational DataBase Management System).
7. Provides fully scalable 32-bit architecture based on industry standards.

N. User interface

1. Both the client and server pieces are certified for use with Win95(c)/98/WinNT(c)
2. The EPHR employs an efficient and intuitive design using Microsoft Windows(c) metaphors and standards.
3. The product supports and utilizes Windows MDI (Multiple Document Interface).

O. Data

The EPHR System supports:

1. Capturing of discrete data elements for statistical reporting, graphing and trending, outcome analysis, order tracking and medication orders.

P. Integration with Other Systems

The EPHR System supports:

1. Including standard ODBC-compliant interfaces.
2. An HL7 interface to an external Lab to receive results. This will be Garcia Labs in Michigan.

Q. Workflow Automation

The EPHR System supports:

1. Providing a Lab Results approval notification screen.
2. Providing a notification subsystem to allow e-mailing of tasks and results.

R. Setup and Administration

The EPHR System supports:

1. Provide some form of remote connectivity which allows CMS acceptable bandwidth and access to facilitate remote diagnostics, monitoring, and upgrading of the system. The form will be one that is acceptable to MDOC and agreed to by MDOC and CMS
2. Providing centralized setup and administration to ensure customization occurs in a consistent way across an

organization.

S. Security

The EPHR System supports:

1. Incorporating user-Level security.
2. Incorporating screen template security.
3. Providing, in addition to the above, database security.
4. Providing, in addition to the above, network level security.

Appendix E

Michigan Department of Corrections Sites

Adrian Temporary Facility (ATF); Adrian, MI
Alger Maximum Correctional Facility (LMF); Munising, MI
Baraga Maximum Correctional Facility (AMF); Baraga, MI
Brooks Correctional Facility (LRF); Muskegon Heights, MI
Carson City Correctional Facility (DRF); Carson City, MI
Carson City Temporary Facility (OTF); Carson City, MI
Chippewa Correctional Facility (URF); Kincheloe, MI
Chippewa Temporary Correctional Facility (KTF); Kincheloe, MI
Cooper Street Correctional Facility (JCS); Jackson, MI
G. Robert Cotton Correctional Facility (JCF); Jackson, MI
Crane Women's Facility (ACF); Coldwater, MI
Egeler Correctional Facility (SMN); Jackson, MI
Gus Harrison Correctional Facility (ARF); Adrian, MI
Michigan Training Unit (MTU); Ionia, MI
Hiawatha Correctional Facility (HTF); Kincheloe, MI
Huron Valley Center (HVC); Ypsilanti, MI
Huron Valley Men's Facility (HVM); Ypsilanti, MI
Huron Valley Female Center (HVF); Ypsilanti, MI
Ionia Maximum Correctional Facility (ICF); Ionia, MI
Ionia Temporary Facility (ITF); Ionia, MI
Kinross Correctional Facility (KCF); Kincheloe, MI
Lakeland Correctional Facility (LCF); Coldwater, MI
Macomb Correctional Facility (MRF); New Haven, MI
Marquette Branch Prison (MBP); Marquette, MI
Michigan Reformatory (RMI); Ionia, MI
Mid-Michigan Temporary Facility (STF); St. Louis, MI
Mound Correctional Facility (NRF); Detroit, MI
Muskegon Correctional Facility (MCF); Muskegon, MI
Muskegon Temporary Facility (MTF); Muskegon, MI
Newberry Correctional Facility (NCF); Newberry, MI
Oaks Correctional Facility (ECF); Eastlake, MI
Ojibway Correctional Facility, Marenesco, MI
Parnall Correctional Facility (SMT); Jackson, MI

Puglsey Correctional Facility, Kingsley, MI
 Riverside Correctional Facility (RCF); Ionia, MI
 Ryan Correctional Facility (RRF); Detroit, MI
 Saginaw Correctional Facility (SRF); Freeland, MI
 Scott Correctional Facility (SCF); Plymouth, MI (Initial Implementation)
 Southern Michigan Correctional Facility (JMF); Jackson, MI
 Standish Maximum Correctional Facility (SMF); Standish, MI
 State Prison of Southern Michigan Central Complex (SMI); Jackson, MI
 Thumb Correctional Facility (TCF); Lapeer, MI
 Western Wayne Correctional Facility (WCF); Plymouth, MI (Initial Implementation)
 Reception & Guidance Center (RGC); Jackson, MI
 Riverside Reception Center (RRC); Ionia, MI
 Pine River Correctional Facility (SPR); St. Louis, MI
 St. Louis Correctional Facility (SLF); St. Louis, MI
 Duane L. Waters Hospital Emergency Room and Specialty Clinics, Jackson, MI (Initial Implementation)
 Central Office, MDOC, Lansing, MI (Initial Implementation)
 CMS Okemos Office (Initial Implementation – CMS expense)

Camp Branch (CDW); Coldwater, MI (Initial Implementation OR CAMP BRIGHTON IF FEMALES MOVE PRIOR TO IMPLEMENTATION)

Camp Brighton, Pinckney, MI

Camp Cusino, Shingleton, MI
 Camp Kitwen, Painesdale, MI
 Camp Koehler, Kincheloe, MI
 Camp Lehman, Grayling, MI
 Camp Manistique, Manistique, MI
 Camp Ottawa, Iron River, MI
 Camp Pellston, Pellston, MI
 Camp Sauble, Freesoil, MI
 Camp Tuscola, Caro, MI
 Camp Waterloo, Grass Lake, MI
 Camp Cassidy Lake (SAI), Chelsea, MI

Appendix F

SYSTEM REQUIREMENTS

System requirements for a Prisoner Health Information System were developed by the EPHR Steering Committee. Although the existing requirements list is very comprehensive in nature, it is conceivable that additional requirements will be identified during systems development due to community standard changes and identification of additional needs.

The requirements for a new automated health information system have been categorized as:

Critical (C) or highly desirable (H)

High priority (1), medium priority (2) or low priority (3)

Requirement currently Exists (Y) or is non-existent (N).

1. General Requirements

NUMBER	SYSTEM REQUIREMENTS - GENERAL	PRIORITY	EXISTS
1.	A single integrated package containing medical, dental, nursing and mental health.	C	Y
2.	All information (other than brief narrative clarifying comments) stored as data (e.g. vital signs and other important patient information must be stored as data and not hidden in comment text fields that are not data).	C	Y
3.	The ability to develop and edit a list of narrative/user text strings that can be used to fill in predefined entries for a specific data field (e.g., C.C.C., AHS). The list may be maintained as a central list with the ability for central office to append to the list to satisfy needs.	C	Y
4.	Provide spell checking as needed wherever text is entered. <i>Comments: The use of picklists throughout the system minimizes spelling errors. In free-form text fields, however, the database does not have the capability of providing a spell checking engine. Text could be pasted into a word processor with that capability, then pasted into text fields if desired.</i>	H3	N
5.	Provide a spell checker library which has the capability of adding specific words relevant to the agency. <i>Comments: See #4 above.</i>	H3	N

6.	Ability to link fields on forms to information within the database which will be printed out as needed (e.g., fields on a medical form can be pre-filled with prisoner data from the database).	C	Y
7.	Provide support for drop-menus as needed for fields throughout the system.	C	Y
8.	Ability to toggle screen icons from graphics to words.	H2	Y
9.	Ability to use a keyboard and mouse for all functions.	C	Y
10.	Ability to have multiple copies of the same screen open at the same time on the different terminals.	C	Y
11.	<p>Incorporate the use of accommodations technology such as voice input, short-cut keys and other mechanisms to simplify direct user interface with the application to meet the American with Disabilities Act requirements.</p> <p><i>Comments: This is accomplished through the Microsoft Windows operating system.</i></p>	C	Y
12.	Access to, or updating of, the information stored on the computer should be restricted through use of a password security system at the terminal, operator, application and program levels.	C	Y
13.	Access can be limited to "inquiry only" at the designated levels.	C	Y
14.	Allows for screens which can be printed at any time with proper authorization.	C	Y
15.	Passwords unique to each individual; the capability for authorized personnel to periodically change them should be provided.	C	Y
16.	Provides the ability to allow the user to enter information directly into a computer display terminal with pre-formatted screens.	C	Y
17.	All informational data elements tracked must be maintained in an integrated database to allow efficient data sharing and customized report writing.	C	Y
18.	Provides a set of standard inquiry/reports. User can select a inquiry/report from a menu and add customized inquiries/reports to the menu or generate customized queries/reports from a PC accessing the database.	C	Y
19.	Allows user to easily develop customized inquiries/reports.	C	Y

20.	Provides the ability to input, store, and report on at least 18 months of information "on-line".	C	Y
21.	Provides the ability to maintain all patient records in an historical database, easily accessible for at least 7 years (including the 18 months of on-line data).	C	Y
22.	Performs error checking to verify the quality and accuracy of the information being entered.	C	Y
23.	Incorporates both menu-driven and direct access to screens.	C	Y
24.	Provides on-line help at the field, screen and system level. <i>Comments: Serapis will provide on-line help at the screen and system level, but context-sensitive help at the field level is not currently available.</i>	C	Y
25.	Interface capability with word processing, spreadsheet relational database software for downloading and uploading information providing unique data manipulation purposes.	C	Y
26.	Control of data entry to ensure user enters data into all required fields on the screen. The system should clearly indicate what fields are required versus optional.	C	Y
27.	On-line tutorial to assist users in learning the software.	H1	Y
28.	All transaction processing including file maintenance and transaction entry can be handled in an on-line, real time processing mode.	C	Y
29.	All application modules incorporate a method for adding data records on-line in real time. All related data fields are automatically updated. Batch purging of inactive history is accommodated.	C	Y
30.	All file-changes are recorded in a detailed permanent audit trail.	C	Y
31.	The software is capable of simultaneous multiple program execution to the extent necessary to support the real-time communications requirements of the applications in addition to batch processing (sorts, file backup, etc.) activities. The system should be easy to operate with comprehensive error detection and restart capabilities (same program).	C	Y
32.	The communications environment is capable of supporting interactive file maintenance, inquiry, and ad hoc reporting. The network structure should be easily modified (line activation/deactivation) by the system operator with minimal impact on the rest of the system. Network monitoring data should be readily available (line status, errors, etc.) from the system console.	C	Y

	<i>Comments: This is accomplished through the Microsoft Windows operating system, as well as other off-the-shelf tools, and is the responsibility of the Michigan MIS department.</i>		
33.	An industry standard, high-level version of a programming language is required for applications.	C	Y
34.	<p>The proposed language facilitates the following practices:</p> <ul style="list-style-type: none"> o External definition of file/record specifications o Descriptive, easily understood data label and paragraph or routine tags o Extensive, easy-to-read documentation o Modular and structured programming 	C	Y
35.	<p>The software is sufficiently designed and configured to provide the interactive terminal user an average response time of not more than two seconds. Response time is not to exceed five seconds for more than five percent of the total on-line responses on any calendar day. (Response time is defined as the period of time between the operator's entry of a transaction at the terminal, and the processor's response of the completed activity back to the terminal operator.)</p> <p><i>Comments: The response time of the system is largely dependent upon the hardware and infrastructure (computers and network equipment used). These items are the responsibility of the Michigan MIS department. The software itself is built on and uses an industry standard and highly scalable architecture.</i></p>	C	Y
36.	The system includes various utilities to facilitate file maintenance, data manipulation, and backup/recovery. These may include, but are not limited to, sorts, file generators, and file-to-file copying utilities.	C	Y
37.	<p>All software is accompanied by sufficient documentation to enable comprehensive understanding of its internal structure and operating procedures. Documentation is well-structured, easy to read, supported with numerous illustrations, and well-indexed. The documentation includes the following:</p> <ul style="list-style-type: none"> o Inter-relationships of modules o General systems descriptions, flowcharts, and examples 	C	Y

	<ul style="list-style-type: none"> o Report layouts and examples o File layouts o Visual display terminal layouts o Consistent coding and numbering schemes o Processing rules o User operating instructions o Hardware/operating system management o Error messages 		
38.	The software is capable of logging all on-line input and providing the ability to recover the data files to the point of the last transaction in the event of a programming or system failure. This process should minimize user involvement.	C	Y
39.	<p>System includes an integrated Custom Report Writer with the following features:</p> <ul style="list-style-type: none"> o Report Writer capability with file organization structure consistent between all application modules o Flexible report formatting capabilities o Ability to select records based on value(s) of specified data fields o Ability to retrieve information from multiple files o Ability to produce reports in user-defined formats o Ability to specify desired subtotal breaks and totaling fields o Ability to obtain reports in different sort sequences o Ability to reuse previously defined reporting specifications, and rerun reports with newly updated data files. o Ability to calculate percentages o Ability to calculate averages o Ability to search, sort, and retrieve records from any number of specified data fields, in any number of files o Various statistical procedures are available 	C	Y
40.	<ul style="list-style-type: none"> o Ability to make minor alterations to previously defined reporting specifications o “What if” analysis capability o Redefined column layouts available o Ability to set up menus of created reports for easy access and 	C	Y

	printing <ul style="list-style-type: none"> o Option available to send report to the terminal or to the printer o Menu-driven screens must be standard o On-line “help” functions available o Sequentially numbered pages and reports o Shows current date and reports “as of” date o Data fields include commas, decimal points, dollar signs, +/- signs, etc. and are right or left justified as appropriate 		
41.	Capability to spool print files and reprint as required.	C	Y
42.	Capability to reprint reports with restart capability when reports being printed are interrupted.	C	Y
43.	Program source code provided which will be owned by the agency. <i>Comments: The QSI source code is held in escrow. Should QSI become insolvent, or cease business activities, CMS would have access to the source code. In addition the source code for Serapis is held by CMS and would, under similar circumstances, be made available to MDOC.</i>	C	N
44.	Capability for user to specify which printer will print a specific report.	C	Y
45.	Capability to print screen contents (format and data) of each display.	H1	Y
46.	Capability to display the contents of a specific report on the display.	H1	Y
47.	Supports six-character numerical field and one alpha for master record identification.	C	Y
48.	Capability to have data entry fields automatically default to a specific value (e.g., date fields should default).	C	Y
	Year 2000 Standards		Y
49.	The Bidder warrants that all software for which the Bidder either sells or licenses to CLIENT and used by CLIENT prior to, during or after the calendar year 2000, includes or shall include, at no added cost to CLIENT, design and performance so CLIENT shall not experience software abnormality and/or generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the CLIENT. The software design, to insure year 2000 compatibility, shall include, but us not limited to: date structures (databases, data files, etc.) that provide 40-digit date century; stored data that contain date century	C	Y

	<p>recognition, including, but not limited to, date stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and dates values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any CLIENT system; user interfaces (i.e., screens, reports, etc.) that accurately show 4-digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.</p> <p>Notes: The term “software” within the above contract language may be replaced with more appropriate terminology, such as “computerized device(s)” or “computer systems software”, as the situation warrants.</p>		
50.	Data structures (databases, data files, etc.) are to provide 4-digit date century recognition. The standard format for date fields shall either be "YYYYMMDD" or "DDMMYYYY". Database management systems that control the format for "date" must be able to represent date fields in the standard format.	C	Y
51.	Stored data shall contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates.	C	Y
52.	Calculation and program logic shall accommodate both same century and multi-century formulas and date values. Calculations and logic include, but are not limited to, sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values.	C	Y
53.	Interfaces (to and from other systems) must prevent non-compliant dates and data from entering the system.	C	Y
54.	User interfaces (i.e., screens, reports, etc.) shall accurately show 4 digit years.	C	Y
55.	Year 2000 must be correctly treated as a leap year within all calculation and calendar logic.	C	Y
56.	Consistent use of command keys and screen layouts.	C	Y

57.	Table maintenance facility to allow the BHCS to maintain own codes.	C	Y
58.	Archival and restoration capabilities are provided.	C	Y
59.	Provides capability to manually modify records that have become incorrect by adding notations. This requires the highest-level security.		Y
	.		
NUMBER	SYSTEM REQUIREMENTS - CODING	PRIORITY	EXISTS
60.	<p>Allow for the ability to record the following information which needs to be collected at client intake:</p> <ul style="list-style-type: none"> a. Social security number b. Prisoner six digit number with (alpha designator) c. Status date (system assigned) d. Prisoner last name e. Prisoner first name f. Prisoner middle initial g. Provider code h. Prisoner address i. Prisoner city j. Prisoner state k. ICD-9 Diagnostic code 	C	Y
61.	Information on the intake form is subject to a number of various edits	C	Y
62.	Be able to print out the consent forms.	C	Y
63.	Provide the ability for remote access to the system to complete referral information on-line.	C	Y
64.	Provide the ability for the system to electronically send selected referral information to outside entities.	C	Y
65.	Be able to route the referral to a specific provider for follow-up scheduled for an appointment.	C	Y
66.	Be able to assign the number of days in which the prisoner must be notified and	C	Y
67.	If the number of days has expired, indicate a message to the provider on their task list.	C	Y
68.	Be able to route the referral to a specific provider for follow-up.	C	Y
69.	Provide for input via a document electronic scanner.	C	Y
70.	Provide control access to data update and data display	C	Y
71.	Provide audit trail of data and medical record update.	C	Y

72.	Provide for Problem Oriented Medical Records. (POMR)	C	Y
73.	Provide for the ability for electronic "provider signature" that is acceptable to Michigan medical and legal communities.	C	Y
74.	Maintain records for all patient contacts, examinations, diagnoses and treatments for all health problems internal and external.	C	Y
75.	Maintain Medical record history for ten years past the last contact.	C	Y
76.	Maintain record of information releases.	C	Y
77.	Medical Program sub-system should: <ul style="list-style-type: none"> a. Allow access to all sub-systems b. Allow for coding of diseases, (ICD and DSM). c. Facilitate lab orders and track results. d. Provide for standardization of treatment plans e. Provide for documentation of counseling f. Generate referral correspondence g. Handle messaging for alerts, etc. h. Track non-compliance i. Maintain a glossary of standard terminology and abbreviations <i>Comments: The Serapis[®] system supports the use of standard terminology through the use of picklists with pre-determined contents.</i>	C	Y
78.	Dental Program sub-section: <ul style="list-style-type: none"> a. Allow access to all sub-systems b. Generate consent to treatment forms c. Provide tracking of dental charts for on-going treatment d. Support ADA coding structure e. Support graphical charting 	C	Y
79.	Mental Health program sub-section: <ul style="list-style-type: none"> a. Allow access to all sub-systems b. Generate consent to treatment form c. Prompt for various consent forms and treatment plans at initial and designated interventions d. Generate alerts for suicide watch, etc. e. Identify involuntary treatment for administrative and court ordered situations 	C	Y

	f. Support DSM coding structure including AXIS I, II, III, IV, and V.		
80.	<p>Nursing sub-section:</p> <ul style="list-style-type: none"> a. Allow service data to be entered at service site b. Allow access to all sub-systems c. Generate and track appointment schedules d. Provide event ticklers. (AHS) follow-ups e. Track non-compliance (No shows) f. Provide messaging for alerts and notifications g. Administrative sub-system 	C	Y

Effective 1/17/03, this contract is hereby INCREASED by \$4,000.00 for the following purpose: "To develop a complete set of architectural working drawings for the physical

plant renovations needed to transfer the dialysis unit from Ryan Correctional Facility to a facility in Jackson, Michigan, and support the submission and approval process for those plans through the Michigan Department of Consumer and Industry Services approval process.”

AUTHORITY/REASON:

Per agency's request from Rich Russell on 1/6/03, and DMB/ACQUISITION SERVICES approval.

INCREASE: \$4,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$347,933,129.77

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
OFFICE OF PURCHASING
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

December 11, 2002

CHANGE NOTICE NO. 11
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
		VENDOR NUMBER (2) 43-1281312 (002)
		BUYER (517) 241-1647 Irene Pena
NIGP #948-46 Contract Administrator: Richard Russell CS-138 #472S8000078 Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD From: April 1, 1997 To: March 31, 2007 *		
TERMS Net 30 Days		SHIPMENT N/A
F.O.B. N/A		SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

* **Plus ONE (1) OPTIONAL EXTENSION for 1 (one) additional 4 (four) year period.**

NATURE OF CHANGE (S):

Effective immediately the attached contract amendment is hereby incorporated into this document. Also, this contract is hereby EXTENDED through 3/31/07. Contract is

INCREASED by \$69,608,032.77.

INCREASE: \$69,608,032.77

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$347,929,129.77

TABLE OF CONTENTS
CONTRACT #071B7000384

SECTION I - CONTRACTUAL TERMS AND CONDITIONS

PURCHASING OPERATIONS July 2, 2007	1
P.O. BOX 30026, LANSING, MI 48909	1
PURCHASING OPERATIONS April 26, 2007	2
P.O. BOX 30026, LANSING, MI 48909	2
<u>CMS Estimate of Year 11 Expenditures</u>	5
CMS estimates the total expenditures for the year 11 extension (May 1, 2007 – March 31, 2008) will approximate the following:	5
Month of Service	5
Total	5
Note (A): The Clinical Cost + Management fee estimate is based upon the average of the most recent 3 months of actual experience: Dec 06 \$8.5M, Jan 07 \$7.6M, Feb 07 \$7.3M, Average \$7.8M	5
PURCHASING OPERATIONS April 13, 2007	9
P.O. BOX 30026, LANSING, MI 48909	9
PURCHASING OPERATIONS March 28, 2007	11
P.O. BOX 30026, LANSING, MI 48909	11
PURCHASING OPERATIONS March 16, 2007	13
P.O. BOX 30026, LANSING, MI 48909	13
PURCHASING OPERATIONS November 27, 2006	15
P.O. BOX 30026, LANSING, MI 48909	15
PURCHASING OPERATIONS November 21, 2006	17
P.O. BOX 30026, LANSING, MI 48909	17
PURCHASING OPERATIONS May 15, 2006	19
P.O. BOX 30026, LANSING, MI 48909	19
ACQUISITION SERVICES December 28, 2005	21
P.O. BOX 30026, LANSING, MI 48909	21
ACQUISITION SERVICES September 7, 2005	23
P.O. BOX 30026, LANSING, MI 48909	23
ACQUISITION SERVICES September 15, 2004	25
P.O. BOX 30026, LANSING, MI 48909	25
ACQUISITION SERVICES July 23, 2004	27
P.O. BOX 30026, LANSING, MI 48909	27
ACQUISITION SERVICES February 25, 2004	29

	P.O. BOX 30026, LANSING, MI 48909	29
	ACQUISITION SERVICES January 15, 2004	32
	P.O. BOX 30026, LANSING, MI 48909	32
I-C	<u>STATE'S CONTRACT ADMINISTRATORS</u>	38
Fiscal	<u>Administrator:</u>	39
I-D	<u>TERM OF CONTRACT</u>	39
I-E	<u>COST LIABILITY</u>	39
I-F	<u>PRIME CONTRACTOR RESPONSIBILITIES</u>	39
I-G	<u>NEWS RELEASE(S)</u>	40
	News release(s) pertaining to this document or the services, study, data, or project to which it relates will not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the program are to be released without prior approval of the State and then only to persons designated by the State to receive the results.	40
I-J	<u>CONTRACT PAYMENT SCHEDULE</u>	40
I-L	<u>INDEMNIFICATION</u>	41
I-M	<u>CONTRACTOR'S LIABILITY INSURANCE</u>	43
I-N	<u>LITIGATION</u>	45
I-O	<u>CANCELLATION</u>	46
I-Q	<u>DELEGATION</u>	47
I-R	<u>NON-DISCRIMINATION CLAUSE</u>	48
I-S	<u>PRICE PROPOSAL</u>	48
I-T	<u>MODIFICATION OF SERVICE</u>	48
I-FF	<u>GOVERNING LAW</u>	53
	<u>A. Clinical and Administrative Rates</u>	85
Items	100	
	Custom	100
	Non-Custom	100
	Custom	100
	Std./catalog	100
	ACQUISITION SERVICES September 2, 2003	102
	P.O. BOX 30026, LANSING, MI 48909	102
	ACQUISITION SERVICES April 22, 2003	105
B.	Termination	121
C.	Health Screening	139
D.	History and Physical	139
E.	Clinical Pathways	140
G.	Nursing Protocols	141
I.	Chronic Care Encounters	141
J.	Appointment Scheduling Module	142
L.	Information Access and Reports	143
M.	System Architecture/Technology Requirements	143
	Camp Branch (CDW); Coldwater, MI (Initial Implementation OR CAMP BRIGHTON IF FEMALES	

MOVE PRIOR TO IMPLEMENTATION)	147
Camp Brighton, Pinckney, MI	147
OFFICE OF PURCHASING February 10, 2003	i
OFFICE OF PURCHASING December 11, 2002	iii
I-C <u>STATE'S CONTRACT ADMINISTRATORS</u>	5
Fiscal Administrator:	6
I-D <u>TERM OF CONTRACT</u>	6
I-E <u>COST LIABILITY</u>	6
I-F <u>PRIME CONTRACTOR RESPONSIBILITIES</u>	6
I-G <u>NEWS RELEASE(S)</u>	7
News release(s) pertaining to this document or the services, study, data, or project to which it relates will not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the program are to be released without prior approval of the State and then only to persons designated by the State to receive the results.	7
I-J <u>CONTRACT PAYMENT SCHEDULE</u>	7
I-L <u>INDEMNIFICATION</u>	7
I-M <u>CONTRACTOR'S LIABILITY INSURANCE</u>	10
I-N <u>LITIGATION</u>	11
I-O <u>CANCELLATION</u>	12
I-Q <u>DELEGATION</u>	13
I-R <u>NON-DISCRIMINATION CLAUSE</u>	14
I-S <u>PRICE PROPOSAL</u>	14
I-T <u>MODIFICATION OF SERVICE</u>	14
I-FF <u>GOVERNING LAW</u>	18
A. Clinical and Administrative Rates	50
Items 65	
Custom	65
Non-Custom	65
Custom	65
Std./catalog	65
W/ Battery	65
W/o battery	65
OFFICE OF PURCHASING November 30, 2001	67
INCREASE estimated contract value: \$27,555,916.00	112
INCREASE: \$27,555,916.00	112
INCREASE estimated contract value: \$178,595.134.00	114
I-C <u>STATE'S CONTRACT ADMINISTRATOR</u>	1
Contract Administrator:	2
I-D <u>TERM OF CONTRACT</u>	2
I-E <u>COST LIABILITY</u>	2
I-F <u>PRIME CONTRACTOR RESPONSIBILITIES</u>	2
I-G <u>NEWS RELEASE(S)</u>	3
I-H <u>CONFIDENTIALITY</u>	3
I-J <u>CONTRACT PAYMENT SCHEDULE</u>	3

I-L	<u>INDEMNIFICATION</u>	4
I-L	<u>INDEMNIFICATION</u> (con't.)	4
I-L	<u>INDEMNIFICATION</u> (con't.)	6
I-M	<u>CONTRACTOR'S LIABILITY INSURANCE</u>	6
I-M	<u>CONTRACTOR'S LIABILITY INSURANCE</u> (con't)	7
I-N	<u>LITIGATION</u>	8
I-N	<u>LITIGATION</u> (con't.)	8
I-O	<u>CANCELLATION</u>	9
I-O	<u>CANCELLATION</u> (con't.)	10
I-Q	<u>DELEGATION</u>	10
I-R	<u>NON-DISCRIMINATION CLAUSE</u>	10
I-S	<u>PRICE PROPOSAL</u>	11
I-S	<u>PRICE PROPOSAL</u> (con't.)	11
I-T	<u>MODIFICATION OF SERVICE</u>	11
I-U	<u>ACCEPTANCE OF PROPOSAL CONTENT</u>	11
I-FF	<u>GOVERNING LAW</u>	15

SECTION II - WORK STATEMENT

II-A	BACKGROUND/PROBLEM STATEMENT	13
II-B	OBJECTIVES	14
II-C	SPECIFICATIONS.....	15

SECTION III - CONTRACTOR INFORMATION

III-A	BUSINESS ORGANIZATION	28
III-B	AUTHORIZED CONTRACTOR EXPEDITER.....	28

APPENDICES

A	CONTRACT PRICING
B	ESSENTIAL OUTCOMES
C	MSP CLINICAL DUTIES AND RESPONSIBILITIES
D	REQUIRED TRAINING
E	CREDENTIALING CRITERIA
F	REPORTING
G	DURABLE MEDICAL GOODS

DEFINITION OF TERMS

CONTRACT #071B7000384

TERMS	DEFINITIONS
Managed Health Network Services	The system of providers and services of the Contractor which supplements the services provided by the State to provide all necessary and appropriate higher level health care services to prisoners.
Management Fee	The amount paid to Contractor to cover corporate support and provide financial return on contract administration. The Management Fee is paid in addition to the Clinical, MSP, and Administrative Costs. The formula for calculating the Management Fee is defined in Appendix _A_.
Per Member Per Month	The unit price commonly used in capitated managed care systems; the rate charged by the Contractor for all covered services. (abr. PMPM)
CMO	Chief Medical Officer employed by the MDOC whose duties include monitoring this contract.
RMO	Regional Medical Officer(s) employed by the MDOC whose duties include monitoring this contract.
RHA	Regional Health Administrator(s) employed by the MDOC whose duties include monitoring this contract.
Bureau of Health Care Services	The bureau within the Department of Corrections responsible for providing health care to prisoners.
Criteria-Based Review (CBR)	A system of prior review for off-site referral requests generated by the Department's MSPs; designed to allow only necessary and appropriate referrals to higher level providers.
Telemedicine	The viewing of patients for the purpose of health evaluation or follow-up by a physician from a distant site with the aid of visual telecommunications equipment.

Contract	The agreement entered into between the State and CMS.
-----------------	---

ER	Emergency Room
MSP	Medical Service Provider; physicians, physicians assistants, and nurse practitioners
Mid-level providers	Physician assistants, and nurse practitioners
UM	Utilization Management
UR	Utilization Review
Contractor	Correctional Medical Services, Incorporated also know as the “Prime Contractor.”
DMB	The Department of Management and Budget
DOC OR MDOC	The Department of Corrections or Michigan Department of Corrections
State	The State of Michigan.
MDOC Contact Administrator	MDOC staff responsible for all programmatic aspects of contract oversight.
MDOC Fiscal Administrator	MDOC staff responsible for oversight of all fiscal matters related to this contract.
Off-Shift	Outside of the normal 5 weekday day-shift work hours.
Target Administrative Cost	The agreed upon cost for direct contract expenses including Michigan Regional office overhead and salaries, allocations for telecommunications, and information systems maintenance. This excludes any allocation of corporate program support and overhead.
Target MSP Cost	The agreed upon cost for the contractually defined number of full-time equivalent MSP positions including fees and professional liability.
Clean Claim	A health care claim that has been submitted on a standard billing form, is complete, accurate, and is not for unbundled services or duplicate claims. A claim is not “clean” until it has been reviewed by the contractor, passes all screens, and is entered into the contractor’s computer system. Generally it takes approximately 5 working days during the payment process to identify a claim as clean.
Target Clinical	The agreed upon cost per prisoner for clinical services in a given

Cost	contract year multiplied by the number of prisoners in that same year.
Secure Unit	An inpatient acute care hospital unit built to MDOC Security Level 5 specifications within a community hospital. The unit provides safe access to secondary and tertiary care not available within MDOC facilities.
DOM	Director's Operating Memorandum; issued by the Director of MDOC to clarify, or, in rare cases and under unusual circumstances give exception to Department policy.

SECTION I
CONTRACTUAL TERMS & CONDITIONS

I-A PURPOSE

The State of Michigan, Department of Management and Budget, Office of Acquisition Services, being the Contracting Authority for the State, hereby extends this Contractual Agreement with Correctional Medical Services, Incorporated (CMS), on behalf of Michigan Department of Corrections. The terms and conditions cited herein shall replace all previous terms and conditions except for Change Notice # 10 for the Electronic Prisoner Health Record.

The purpose of this agreement is to obtain the services of the Contractor to provide statewide managed health network services for a subset of prisoners under the charge of Michigan Department of Corrections. This is a mixed reimbursement mechanism Contract; see Section I-J and Appendix A. The term of this Contract extension shall be from April 1, 2003 through March 31, 2005 with the option to extend for an additional two year period.

I-B ISSUING OFFICE

This Contract is issued by the State of Michigan, Department of Management and Budget (DMB), Office of Acquisition Services, hereafter known as the Office of Acquisition Services, on behalf of Michigan Department of Corrections (MDOC). Where actions are a combination of those of the Office of Acquisition Services and MDOC the authority will be known as the State.

The Office of Acquisition Services is the sole point of contact in the State with regard to changes, modifications, amendments, or other alterations of the terms, conditions, specifications, and/or prices of this Contract. Upon return of the signed Contract Agreement by the Contractor to Office of Acquisition Services, the Issuing Office will delegate by letter the administration of this Contract to the Contract Administrator named in Paragraph I-C below. Until such time as that delegation is made, the Issuing Office remains the Contractor's sole point of contact in the State. Communication with the Issuing Office will be addressed to:

Ms. Irene Pena
Office of Acquisition Services, Department of Management & Budget
P.O. Box 30026
Lansing, MI 48909

I-C STATE'S CONTRACT ADMINISTRATORS

Upon receipt at the Office of Acquisition Services of the properly executed Contract, it is anticipated that the Director of Purchasing will direct that the persons named below be

authorized to administer the Contract for the State on a day-to-day basis during the term of the agreement. However, administration of this Contract implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such Contract. That authority is retained by the Office of Acquisition Services. The State's Contract Administrator for this project is:

Fiscal Administrator:

Barry Wickman
Administrator
Bureau of Fiscal Management
Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909

Contract Administrator:

Richard D. Russell, Administrator
Central Operations Division
Bureau of Health Care Services
Michigan Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909

I-D TERM OF CONTRACT

The total Contract covers a 10 year period beginning April 1, 1997 and ending on March 31, 2007, if all extension options are taken by the State. The State fiscal year is October 1st through September 30th. Payments in any given fiscal year are contingent upon and subject to enactment of legislative appropriations.

I-E COST LIABILITY

The State of Michigan assumes no responsibility or liability for costs incurred by the Contractor prior to the signing of this Contract. Total liability of the State is limited to the terms and conditions of this Contract.

I-F PRIME CONTRACTOR RESPONSIBILITIES

The Prime Contractor will be required to assume responsibility for all contractual activities offered in this proposal whether or not that Contractor performs them. Further, the State will consider the Prime Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from this Contract. If any part of the work is to be subcontracted, the Contractor is required to provide the State a current updated list of subcontractors, including firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractor's organizational abilities. The State

reserves the right to approve subcontractors for this project and to require the Primary Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract.

I-G NEWS RELEASE(S)

News release(s) pertaining to this document or the services, study, data, or project to which it relates will not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the program are to be released without prior approval of the State and then only to persons designated by the State to receive the results.

I-H CONFIDENTIALITY

The Contractor, its employees, agents and subcontractors will be bound by the same standards of confidentiality as State employees. Contractor may not release to any parties any patient data or other information concerning this Contract without written approval of the Contract Administrator unless otherwise required by law.

I-I DISCLOSURE

All information in the Contractor's proposal and this Contract is subject to the provisions of the Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, *et seq.*

I-J CONTRACT PAYMENT SCHEDULE

Payments under this contract shall be made electronically by the State on a monthly basis by the 15th of the month according to the mechanism in **Appendix A**

I-K ACCOUNTING RECORDS

The Contractor will be required to submit a Dunn & Bradstreet report to the Contract Administrator 90 days prior to potential Contract renewal period. The Contractor will be required to maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Department of Auditor General at any time during the Contract period and any extension thereof, and for three (3) years from expiration date and final payment on the Contract or extension thereof.

I-L INDEMNIFICATION

1. General Indemnification

The Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections commissions, officers, employees and agents,

from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

- (a) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of or resulting from (1) the services and/or products provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract;
- (b) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;
- (c) any claim, demand, action, citation, or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of, or related to occurrences that the Contractor is required to insure against as provided for in this Contract;
- (d) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss, or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury, or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;
- (e) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.

2. Patent/Copyright Infringement Indemnification

The Contractor shall indemnify, defend and hold harmless the State, its departments, division, agencies, sections, commissions, officers, employees, and agents from and against all losses, liabilities, penalties, fines, damages (including taxes), and all related costs and expenses (including attorney's fees, disbursements, costs of investigation, litigation, settlement, judgments, interest, and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity, or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's sole opinion, be likely to become the subject of a claim of infringement, the Contractor shall, at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State against the Contractor's charges and reimbursement the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

3. Indemnification Obligation Not Limited

In any and all claims against the State Of Michigan, or any of its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts or other employee benefits acts. This indemnification clause is intended to be comprehensive, Any overlap in subclauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other subclause.

4. Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and effect notwithstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions which occurred prior to termination.

I-M CONTRACTOR'S LIABILITY INSURANCE

The Contractor shall purchase and maintain such insurance as will protect him/her from claims set forth below which may arise out of or result from the Contractor's this agreement, whether such work is performed by himself/herself or by any subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable including but not limited to:

- (1) Claims under workers' disability compensation, disability benefit and other similar employee benefit act. A non-resident Contractor shall have insurance for benefits payable under Michigan's Workers' Disability Compensation Law for any employee resident of and hired in Michigan; and as respects any other employee protected by workers' disability compensation laws of any other state the Contractor shall have insurance or participate in a mandatory state fund to cover the benefits payable to any such employee.
- (2) Claims for damages because of bodily injury, occupational sickness or disease, or death of his/her employees.
- (3) Claims for damages because of personal injury, bodily injury, sickness or disease, or death of any person other than his/her employees, subject to limits of liability of not less than \$1,000,000.00 each occurrence and, when applicable \$2,000,000.00 annual aggregate, for non-automobile hazards and as required by law for automobile hazards.
- (4) Claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom, subject to a limit of liability of not less than \$50,000.00 each occurrence for non-automobile hazards and as required by law for automobile hazards.
- (5) Insurance for Subparagraphs (3) and (4) non-automobile hazards on a combined single limit of liability basis shall not be less than \$1,000,000.00 each occurrence and when applicable, \$2,000,000.00 annual aggregate.

- (8) Insurance for Medical Professional liability for MSPs with a limit of not less than \$ 1,000,000 per occurrence and, where applicable, \$ 3,000,000 annual aggregate.
- (9) Insurance for Medical Professional liability for subcontracted specialty physicians and medical services with a limit of not less than \$300,000 per occurrence and, where applicable, \$600,000 annual aggregate.

All insurance shall be written for not less than any limits of liability herein specified or required by law, whichever is greater, and shall include contractual liability insurance as applicable to the Contractor's obligations under the Indemnification clause of the Contract Purchase Order. The Contractor shall name the State of Michigan as an additional insured with the intent that any changes made in the insurance by Contractor are immediately conveyed to the State of Michigan. To facilitate concurrent MDOC notification of changes made by the Insurer at the request of the Contractor, the Contractor must supply their insurer with the name and address of the MDOC Contract Administrator.

BEFORE STARTING WORK THE CONTRACTOR'S INSURANCE AGENCY MUST FURNISH TO THE DIRECTOR OF THE OFFICE OF ACQUISITION SERVICES, ORIGINAL CERTIFICATE(S) OF INSURANCE VERIFYING LIABILITY COVERAGE. THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING. These Certificates shall contain a provision that coverage's afforded under the policies will not be canceled until at least fifteen days prior written notice bearing the Contract Number or Purchase Order Number has been given to the Director of Purchasing.

I-N LITIGATION

The State, its departments, and its agents shall not be responsible for representing or defending the Contractor, Contractor's personnel, or any other employee, agent, or subcontractor of the Contractor, named as a defendant in any lawsuit or in connection with any tort claim.

The State and the Contractor agree to make all reasonable efforts to cooperate with each other in the defense of any litigation brought by any person or persons not a party to the Contract.

The Contractor shall submit quarterly litigation reports to the "Issuing Office" the State's

Contract Administrator providing the following detail for all Michigan civil litigation in which the Contractor or the Contractor's insurers or insurance agent are parties:

Case number and Docket number
Name of plaintiff(s) and defendant(s)
Names and addresses of all counsel appearing
Nature of claim
Status of case

The provisions of this section shall survive the expiration or termination of the Contract.

I-O CANCELLATION

- (a) The State may cancel the Contract for default of the Contractor. Default is defined as the failure of the Contractor to fulfill the obligations of the quotation or Contract. In case of default by the Contractor, the State may immediately and/or upon 30 days prior written notice to the Contractor cancel the Contract without further liability to the State, its departments, divisions, agencies, sections, commissions, officers, agents and employees, and procure the services from other sources, and hold the Contractor responsible for any excess costs occasioned thereby.
- (b) The State may cancel the Contract in the event the State no longer needs the services or products specified in the Contract, or in the event program changes, changes in laws, rules or regulations, relocation of offices occur, or the State determines that statewide implementation of the Contract is not feasible, or if prices for additional services requested by the State are not acceptable to the State. The State may cancel the Contract without further liability to the State, its departments, divisions, agencies, sections, commissions, officers, agents and employees by giving the Contractor written notice of such cancellation 30 days prior to the date of cancellation.
- (c) The State may cancel the Contract for lack of funding. The Contractor acknowledges that, if this Contract extends for several fiscal years, and that continuation of this Contract is subject to appropriation of funds for this project. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State shall have the right to terminate this Contract without penalty at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to the Contractor. The State shall give the Contractor written notice of such non-

appropriation within 30 days after it receives notice of such non-appropriation.

- (d) The State may immediately cancel the Contract without further liability to the State its departments, divisions, agencies, sections, commissions, officers, agents and employees if the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under state or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects on the Contractor's business integrity.
- (e) The State may immediately cancel the Contract in whole or in part by giving notice of termination to the Contractor if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, Section 5, and Civil Service Rule 4-6.
- (f) The State may, with 30 days written notice to the Contractor, cancel the Contract in the event prices proposed for Contract modification/extension are unacceptable to the State. See Sections I-S Price Proposal, and I-T, Modification of Service.

I-P ASSIGNMENT

The Contractor shall not have the right to assign this Contract or to assign or delegate any of its duties or obligations under this Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the State Purchasing Director.

I-Q DELEGATION

The Contractor shall not delegate any duties or obligations under this Contract to a subcontractor other than a subcontractor named in the bid unless the State Purchasing Director has given written consent to the delegation.

I-R NON-DISCRIMINATION CLAUSE

In the performance of any Contract or purchase order resulting herefrom, the bidder agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental handicap or disability. The bidder further agrees that every subcontract entered into for the performance of any Contract or purchase order resulting herefrom will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2201, *et seq*, and the Michigan Handicapper's Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, *et seq*, and any breach thereof may be regarded as a material breach of the Contract or purchase order.

I-S PRICE PROPOSAL

Adjustment for extension proposed by the Contractor must be submitted to the MDOC Contract Administrator and the DMB Office of Acquisition Services 120 days prior to proposed renewal. In the event new prices are not acceptable, the Contract may be canceled pursuant to Section I-N (f) above.

I-T MODIFICATION OF SERVICE

The Director of Purchasing reserves the right to modify this service during the course of this Contract. Such modification may include adding or deleting tasks that this service shall encompass and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the requested changes are subject to acceptance by the state. Changes may be increases or decreases. In the event new prices are not acceptable, the Contract may be canceled pursuant to Section I-N (f) above.

IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT MAY BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATIONS.

I-U RIGHT TO NEGOTIATE EXPANSION

The State reserves the unilateral right to negotiate expansion of the services outlined

within this Contract to accommodate the related additional needs of the MDOC or service needs of additional selected State agencies.

Such expansion shall be limited to those situations approved and negotiated by the Department of Management and Budget, Office of Acquisition Services at the request of the MDOC or another State agency. The Contractor shall be obliged to expeditiously evaluate and respond to specified needs submitted by the Office of Acquisition Services with a proposal outlining requested services and pricing. All pricing for expanded services shall be shown to be consistent with the cost elements and/or unit pricing of the original, primary Contract, if applicable.

In the event that a Contract expansion proposal is accepted by the State, the Office of Acquisition Services shall issue a Contract Change Notice to the Contract as notice to the Contractor to provide the work specified. Compensation is not allowed the Contractor until such time as a Contract Change Notice is issued.

I-W MODIFICATIONS, CONSENTS, AND APPROVALS

This Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties hereto, and any breach or default by **a party shall not be waived or released other than in writing signed by the other party.**

I-X ENTIRE AGREEMENT AND ORDER OF PRECEDENCE

The following documents constitute the complete and exclusive agreement between the parties as it relates to this transaction:

In the event of any conflict among the documents making up the Contract, the following order of precedence shall apply (in descending order of precedence):

- A. This Contract Agreement.
- B. Change Order #10, effective date 11/06/01.

In the event of any conflicts between the specifications, terms, and conditions indicated by the State and those indicated by the Contractor, those of the State take precedence.

This Contract supercedes all proposals or other prior agreements, oral or written, and all other communications between the parties relating to this subject.

I-Y NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of this Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

I-Z SEVERABILITY

Each provision of this Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

I-AA HEADINGS

Captions and headings used in this Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

I-BB RELATIONSHIP OF THE PARTIES (INDEPENDENT CONTRACTOR)

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

I-CC NOTICES

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission via telefacsimile machine if a copy of the notice is sent by another means specified in this Section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system. Address and "Attention" lines to be used are as indicated below:

Issuing Office Contact:

Ms. Irene Pena

Office of Acquisition Services, Department of
Management & Budget
P.O. Box 30026
Lansing, MI 48909
(517) 373-2467

MDOC's Fiscal Administrator:

Mr. Barry Wickman

Office of Fiscal Management
Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909
(517) 373-4568

MDOC's Administrator:

Mr. Richard D. Russell, Administrator

Central Operations Division
Bureau of Health Care Services

Michigan Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909
(517) 373-3629

Contractor's Expediter:

Mr. N. Reed Heflin
President, Central Division
Correctional Medical Services, Incorporated
12647 Olive Boulavard
P.O. Box 419052
St. Louis, Missouri 63141
314-919-9708

Either party may change its address where notices are to be sent by giving written notice in accordance with this Section.

I-DD UNFAIR LABOR PRACTICES

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to Section 2 of the Act. A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to Section 4 of 1980 Public Act 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.

I-EE SURVIVOR

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of this Contract regardless of the reason for expiration/cancellation.

I-FF GOVERNING LAW

This Contract shall in all respects be governed by, and construed in accordance with,

the laws of the State of Michigan.

I-GG YEAR 2000 SOFTWARE COMPLIANCE

The vendor warrants that all software which the vendor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000, includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure year 2000 compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stores in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

SECTION II WORK STATEMENT

II-A BACKGROUND/PROBLEM STATEMENT

The MDOC has as its primary mission the protection of the public through lawfully incarcerating State prisoners at any required custody level in a humane, cost efficient manner consistent with sound correctional principles and Constitutional standards. Its obligation extends to the provision of medically necessary health care to prisoners under its custody. Through its Bureau of Health Care Services (BHCS) the MDOC has made a commitment to provide a system for delivery of cost-effective, comprehensive health care characterized by quality and timely access to necessary care. The prisoner population to be covered under this contract at the beginning of this extension will be approximately 51,000.

II-B OBJECTIVES

CMS shall maintain and/or improve the established managed health care system for purchased health services in an efficient manner. Services shall include:

18. all medically necessary community-based hospital care,
19. all necessary physician specialist care, whether inpatient or outpatient,
20. all medical transport, all outpatient specialty services, and all necessary ancillary services,
21. emergency services for prisoners through affiliations with local hospitals close to each correctional facility.
22. network development to provide sufficient specialists to accommodate MDOC prisoner need,
23. a Criteria-Based Review System to promote the appropriate use of health care resources.

24. a **pre-payment claims review system** designed to eliminate duplicate billing, un-bundling of services, and other common billing errors. Payment for all clean claims shall be provided to CMS vendors within 45 days of receipt of the clean claim, unless otherwise agreed to by the vendor.
25. a system for providing **medically necessary health care for prisoners in Camps, SAI, and TRV's.**
26. a 20-25 bed **secure unit** in a community hospital within 20 minutes (by ground travel) of the MDOC's Duane L. Waters (DLW) Hospital,
27. **specialty clinic providers** for the specialty clinics located at Duane L. Waters Hospital,
28. coordinated medical **staffing for DLW Hospital inpatients, outpatients, and emergency room patients,**
29. **evening, night, weekend, and holiday medical triage for ambulatory care facilities** through CMS DLW medical staff,
30. **renal and peritoneal dialysis services** (nephrologist and nursing) services to prisoners through the MDOC dialysis unit and inpatient services at a nearby hospital at which the nephrologist has privileges,
31. sufficient **anesthesiologist/nurse anesthetist services** to accommodate maximum use of the Operating Rooms at DWH,
32. regular **reporting** of utilization and quality management information,
33. all medically necessary primary care **MSPs** at all MDOC service sites.
34. **Durable Medical Goods** as defined as further defined in Section II-C and Appendix G.

Each of these areas is explained in **Section II-C., Specifications**, below. **All professional services provided under this contract must be provided by properly credentialed individuals or agencies.**

II-C. SPECIFICATIONS

A. Managed Network Services

2. Medically necessary community-based hospital and ancillary care

- d. CMS shall sustain the provider hospital and ancillary care network established under this contract such that it maintains or improves the access and quality of care for all MDOC prisoners while reducing MDOC cost, and security issues for the community. Planned changes in the network shall be made only with advance notification to the Department of Corrections and are subject to Section I-F. Prime Contractor Responsibilities.
- e. All community hospitals utilized must be licensed by the State of Michigan and accredited by the Joint Commission on Accreditation of Health Organizations (JCAHO).

3. Necessary physician specialist care

- d. CMS shall sustain the specialist network established under this contract such that it maintains or improves the access and quality of care for all MDOC prisoners while reducing cost and security issues for the community.
- e. CMS shall assure that final reports of their contracted specialist consultants/providers are of community standard quality, are legible, suggest a treatment plan, are signed, and are provided to the MDOC within 30 calendar days.

- f. CMS shall make substantial effort to solicit standard preliminary summary information needed to continue care prior to the specialist providing the full report to the MDOC. The summary information (to be determined by the MDOC Medical Advisory Committee/MAC and CMS) should accompany the patient upon return to the MDOC. This summary shall be complete enough to support CBR within required time frames.

4. Medical transport, all outpatient specialty services, and all medically necessary ancillary services

- a. Ancillary/support services shall be defined as all medically necessary diagnostic evaluation/testing, therapeutic treatment, or medical transport required to provide appropriate care to prisoners under this contract. CMS shall provide ancillary/support services to both inpatient and ambulatory care operations consistent with services provided by its network hospitals/providers to the free community. Services should include but are not limited to:

- 1. Laboratory Services (see “c.” below)
- 2. Community purchased Imaging Services
- 3. EMG Services
- 4. Audiology Services
- 5. Respiratory Therapy Services (outside of DLW Hospital)
- 6. Physical Therapy and Occupational Therapy Services (see “e.” below)
- 7. Pharmacy Services (SAI, TRV, and Camps only)
- 8. EKG Interpretation Services

- f. For state-wide laboratory services CMS shall provide the following:

- 1. Printers for receipt of lab results at MDOC sites.
- 2. Next day reports on all labs done on a daily basis.
- 3. A call from the lab to the facility housing the prisoner if lab results represent mutually agreed “panic values” within 2 hours of the lab identifying the abnormal result. Outside of normal working hours at the facility, “panic values” must be called to the DLW Emergency Room

MSP.

4. Automatic lab ordering and reporting through the MDOC electronic record concurrent with implementation in each facility.

g. Emergency/Urgent Transportation

CMS shall provide necessary ambulance services.

2.

e. Physical and Occupational Therapy

1. Physical and Occupational Therapist and Physical Therapy Aide services shall be provided for individual prisoner inpatients and outpatients within DLW Hospital and at other regional sites as CMS and the State agree are efficient and effective.
2. CMS shall provide onsite physical and occupational therapy services in special units or where the MDOC has concentrations of patients in need when the MDOC requests such services and where cost and volume allow.

5. Emergency services for prisoners

- a. CMS shall assure that MDOC prisoners have access to community hospital emergency room services at the hospital closest to their location.

6. Network Development

- a. Specialists will be provided near correctional facilities where volume and cost allows. The MDOC will notify CMS of any avenues it considers high volume so that a cost/benefit review can be completed.

- b. Access to necessary specialists will be provided.

7. Criteria-Based Review

- a. CMS shall maintain or improve its system for review of requests for higher level services.
- b. CMS shall use standard tools including nationally accepted and published guidelines, publications in peer review journals, Federal Bureau of Prisons Guidelines, Centers For Disease Control (CDC) guidelines, specialty society guidelines, prestigious institution guidelines, and State Medicaid guidelines. as a basis for review. CMS shall, with the approval of the MDOC CMO determine acceptable diagnostic and treatment pathways for major categories of illness.
- c. Part of the CBR system shall be a mechanism to privilege physicians and mid-levels that have shown consistent compliance with the system (i.e., low inappropriate referrals). A system of periodic checks for ongoing compliance of these privileged providers shall be developed by CMS and summary reports shall be provided to the MDOC.
- d. CMS shall maintain sufficient network resources to accommodate appropriate routine referrals for care within 90 business days and Urgent referrals for care within 10 business days. Emergencies should be processed automatically and need no prior review, only notification to CMS of the event.
- e. If the limits for CBR turnaround and/or the time taken for CMS to schedule patients with a specialist are exceeded in more than 10%, of the cases, or, if the average outlier days (those beyond the limit) are exceeded by more than 10% within a month's period, CMS shall develop an action plan to resolve the delay. The action plan may involve addition of specialists, review staff, or other means to reduce the wait and improve access. Each case that exceeds the MDOC-imposed limits shall be tracked as a time outlier and referred to the primary MSP for follow-up evaluation.

- f. CMS will maintain and report to the MDOC Contract Administrator and CMO all time outliers on a monthly basis along with the reasons for the outlier status and, if beyond the MDOC-imposed limits, an action plan acceptable to the MDOC to minimize the possibility of recurrence.
- g. The CBR system will be constructed such that timely access to necessary care is preserved. The system shall be designed to the mutual satisfaction of the MDOC and CMS.

8. Pre-payment Claims Review System

- a. CMS shall maintain a pre-payment claims review system that protects against network provider/service billing system errors.
- d. CMS shall process all clean claims within 45 days. "Process" means that checks are cut and mailed within 45 days of establishing the clean claim.
- e. The claims review reports sent to the department shall include fields that capture the date received, and the date of the check run. CMS shall, in cooperation with the MDOC, establish a procedure to monitor the processing of clean claims.

11. Medically necessary health care for prisoners in Camps, SAI, and TRVs

- e. CMS shall provide for statewide primary care services to camps, SAI, and TRVs.
- f. CMS shall assure that the service provider is aware of covered services and that only necessary services are provided.
- g. CMS shall assure that prisoners have access to services upon entrance into a Camp, SAI, OR TRV.
- h. CMS shall assure that the entity responsible for this care works cooperatively to provide prisoners with necessary care that is timely, efficient, effective, and of the same quality as that provided to the general public.

12. Secure Unit

- e. CMS shall provide a 20-25 bed secure unit within a licensed and accredited tertiary care hospital. The hospital must be located within 20 minutes drive of Duane L. Waters Hospital in Jackson using ground transportation. The unit shall provide:
 - 1) An outpatient holding area adjacent to the secure unit such that security staff may be shared with the secure unit.
 - 2) Secure Unit Inpatient Hospital Services
 - 3) Secure Unit Inpatient Physician/Specialty Services
 - 4) Secure Unit Outpatient Hospital Services
 - 5) Secure Unit Outpatient Physician/Specialty Services
 - 6) Secure Unit Hospital Intensive Care Services
 - 7) Secure Unit Hospital Emergency Room Hospital Care,
 - 8) Secure Unit Hospital Emergency Room Physician Services, and
 - 9) All Secure Unit Hospital necessary ancillary/support services
- f. To facilitate the work of this contract the Administrator of DLW Hospital (or designee) shall function as the MDOC Secure Unit Coordinator to oversee the prisoner health care operations of CMS within the Secure Unit and to facilitate communications with the central office of BHCS and ranking custody supervisors.
- g. CMS shall assure that the Secure Unit conforms to MDOC security standards.
- h. Secure unit staff shall meet with representatives of CMS and the MDOC Bi-monthly or as needed (at the discretion of the DLW Hospital Administrator) to discuss utilization and quality management of the unit and to work toward resolving any problems with communication, admission, discharge, escort, or transportation.

NOTE: ALL COSTS ASSOCIATED WITH FUTURE SECURITY ENHANCEMENTS REQUIRED BY MDOC SHALL BE AN OBLIGATION OF THE MDOC.

13. Specialty Clinic Providers

- a. CMS shall provide physician specialists to meet service needs in the specialty clinics provided for MDOC prisoners at the DLW Hospital.
- b. In clinics for which CMS has scheduling responsibility, CMS shall work cooperatively with the DLW Hospital Administrator (or designee) to schedule them, and to schedule the prisoners in the clinics to accommodate the need identified by the MDOC.
- c. For the clinics designated in "b." above, CMS shall provide a monthly report of the scheduled specialty clinics including documentation of provider cancelled clinics, provider no shows, and provider tardiness to the Contract Administrator and MDOC CMO.
- d. CMS shall make every effort to schedule specialist visits via telemedicine whenever appropriate and to encourage the use of telemedicine with specialists. To encourage the use of telemedicine the MDOC may enter into an agreement to pass on to CMS a portion of the saved transportation costs to be passed on to the specialists using the technology.

14. Staffing for DLW Hospital inpatients, outpatients, and emergency room patients

- a. CMS shall provide:
 - 1) Three FTEs (physician only, or physician and midlevel) to cover all high-volume periods Monday through Friday and sufficient coverage on weekends to meet patient need and JCAHO standards.
 - a. At least one FTE must be a physician experienced in providing inpatient care and responsible for training all other staff in inpatient operations and procedures.

- b. All must meet the necessary credentialing and privileging standards set by the DWH Medical Staff and Governing Body.
- c. Work duties shall be defined by the DLW Director of Clinical Services consistent with the By-Laws of DLW and shall include back-up of the DLW Emergency Room staff when requested by the DLW Administrator, the DLW Chief of Clinical Services, or designee.

2) DLW Inpatient/Outpatient Surgical Anesthesia Services

3) DLW Hospital Inpatient/Outpatient Surgical Services to supplement existing MDOC capacity for DLW inpatient or outpatient procedures.

4) DLW Inpatient/Outpatient Physical Therapist(s), Physical Therapy Aide(s), and Occupational Therapist(s) services.

5) Offsite laboratory services

6) EKG interpretation services

b. CMS shall provide the following service to the DLW Emergency Room:

1) Emergency Room Medical Service Providers 24 hours per day, 7 days per week, 52 weeks per year as a supplement to existing nursing and clerical staff. The staffing must include at least 60 of the hours as physician hours.

2) ER medical services shall include but not be limited to:

- a. Evaluation of all patients sent to ER,
- b. Supervisory audits of mid-levels in ER according to the schedule and method mutually established by MDOC and CMS.
- c. Assistance with inpatients during emergencies or at the request of the DLW Hospital Administrator, Chief of Clinical Services, or designee.

15. **Evening, night, weekend, and holiday medical triage for ambulatory care facilities**

- d. CMS shall provide, through DLW Emergency Room, a system for MDOC staff access to a physician for questions on urgency of care for evening, nights, week-ends, holidays, or for CMS scheduled physician meeting/training time away from the facility.
- e. CMS shall provide direct telephone access to a physician in the case that the nurse viewing the patient feels that the decision by a mid-level provider needs immediate endorsement of the supervising physician.
- f. During normal working hours and in the absence of an MSP at an ambulatory site, CMS shall assure any other MSP in the Region is ready, willing, and able to respond to calls for MSP questions.

16. Renal and peritoneal dialysis services

- b. CMS shall maintain or improve existing nephrologist and support services delivery at the MDOC's on-site Dialysis Unit. MDOC is responsible for equipment moving costs associated with any move of the dialysis unit.
- b. CMS shall provide for inpatient treatment for dialysis. Services include nursing staff, solutions, equipment lease/rental, and supplies used on the unit.

17. Reporting

- a. CMS shall provide any reasonable reports necessary to determine performance under this contract including reports highlighted in **Appendix F**
- b. CMS shall provide sufficient financial reporting to meet the intent of the State in monitoring the contract. CMS shall meet with MDOC Bureau of Fiscal Management representatives to develop and review the financial reporting requirements. The needs of the MDOC may vary over time. CMS shall assure that the reports submitted to the Department are final and accurate. All financial reports submitted are subject to audit and must reconcile to the financial

statement and/or invoice submitted to the MDOC for the final settlement of the contract year.

- c. CMS shall also report each individual contract year independently of each other. Once the contract year is settled and closed, all prior year payments in the subsequent contract years must be reported separately in a manner such that the closed and settled prior year records are not changed or affected.

15. Medical Service Providers (MSPs)

- a. CMS shall provide staffing and supervision of Medical Service Providers (MSPs) to support primary care services at existing and future MDOC locations consistent with Department policy, American Correctional Association (ACA) standards, and Joint Commission on Accreditation of Health Organizations (JCAHO) standards, where applicable.

- b. Position Schedules and Standards

CMS shall:

1. Provide all MSP services according to a mutually agreed staffing schedule.
2. Provide mid-level providers in place of physicians where possible but only with the approval of the State and only within the scope of their license.
3. Provide 8 hours of on-site supervision and work review by a physician for each full time mid-level provider each week, or more if necessary to meet quality standards. Oversight of part time mid-levels shall be pro-rated based on hours of service.
4. Provide MSP services consistent with Department policy, with ACA standards, and with JCAHO standards, where applicable.
5. Provide MSP services at all ambulatory health

care service sites and in DLW Hospital.

6. Provide a minimum of 32 hours of coverage per MDOC pay period for each vacant position but as many hours as possible given existing staff availability until a new MSP is placed, trained and functional. If requested by the MDOC Chief Medical Officer, CMS shall provide any extra hours required to maintain services at a level satisfactory to the MDOC.
7. Provide new positions requested by MDOC due to increased workload at existing facilities or for new facilities at the agreed upon rate.
8. Provide extra hours or additional positions for temporary workload increases (approved by the MDOC CMO) based on increased need and according to an agreed upon staffing plan at any time during the period of this agreement. Such hours shall be reimbursed as defined in Section IV.B. In addition, CMS and MDOC shall annually review, and revise if necessary, the MDOC staffing plan for physicians and mid-level providers.
9. CMS Physicians shall each maintain a Michigan Drug Control License for a prescriber box at the institution(s) they cover. Physicians may delegate the authority to use the box at their discretion, consistent with the laws of Michigan.
10. Clinical services to be provided shall include patient interviews, patient examinations, review and completion of records and other patient-related communication. (See **Appendix C, MSP CLINICAL DUTIES AND RESPONSIBILITIES** for additional responsibilities.)

c. Hours of Work and Total Work Hours

- 1) The work day for MSPs shall normally be provided between the hours of 6:00 A.M. and 5:00 P.M. weekdays. However, altered work schedules or additional work hours may be negotiated to the mutual benefit of the MDOC and CMS. The MDOC Chief Medical Officer shall

review and approve any altered work schedules. In addition, extra hours may be requested due to unusual circumstances.

- 2) A full-time equivalent (FTE) shall be equal to 1840 hours.
- 3) Non-patient contact hours required or approved by the MDOC will count toward the total 1840 annual hours per FTE. Examples of hours which will be approved are those provided in the areas of training, administrative meetings, quality improvement, travel, and other administrative activities supported by the MDOC Chief Medical Officer.
- 4) Travel from work site to work site for the purpose of sharing resources under any CMS work plan shall not be included in the 1840 hours of annual work time.
- 5) CMS shall require all MSPs to punch in and out using the MDOC Tracey Time system. Independent Contractor Physicians and part-time mid-level practitioners hours will be billed only per the MDOC Tracey Time System, unless otherwise approved by MDOC. Full-time mid-level practitioners will be billed at the salaried rate. CMS shall submit (to the appropriate RHA) documentation of attendance for each MSP hour billed in conjunction with any DOC approved training provided away from a DOC facility where MSPs cannot use the Tracey Time system. Lunches are not included in hours worked. Guidelines for appropriate documentation of work through the Tracey Time System will be outlined in subsequent MDOC/CMS policy.
- 6) The MDOC will provide print outs of the MSP hours to CMS for time tracking. On a quarterly basis CMS shall provide an hours-utilization report to the Contract Administrator and Fiscal Administrator (See **Appendix F, Reporting**).

d. Recruitment, Training, and Orientation

CMS shall:

- 1) Maintain an active recruitment and training system for physicians and mid-level providers.
- 2) Provide new employee training using MDOC-approved training modules (with necessary adjustments for the modified employee/contractor relationship). MDOC Training Manuals shall be provided free of charge to CMS. As part of the training, CMS shall conduct a skills inventory and monitor satisfactory completion of all necessary MSP competencies through the on-site orientation. [CMS trainers shall also be given the opportunity to audit all non-custody training in order to gain further understanding of training materials and their intended use.] CMS shall obtain annual updates from the Training Division and modify their training materials as needed.
- 3) Assure MSPs obtain sufficient continuing education to maintain clinical competence, to satisfy license requirements and to maintain technical skills necessary to perform essential job duties. See **Appendix D, Required Training**.
- 4) Provide centralized documentation available for review by the MDOC Chief Medical Officer that all working and supervisory (full-time, part-time, temporary, or intermittent) MSPs have at the point of contracting or hire, and maintain throughout their tenure, necessary licenses to practice in the State of Michigan.
- 5) Provide documentation of on-site mentoring of new MSPs with a fully trained CMS MSP of the same level until all necessary clinical and administrative competencies have been attained. CMS shall share documentation of the MSP attaining these competencies with the MDOC Regional Medical Officer.

Provide a mechanism whereby MSPs become proficient in primary care work-up, diagnosis, and treatment modalities within the correctional managed health care system. With the approval of the MSAC, MSPs who show such proficiency shall be privileged by CMS to arrange offsite specialty appointments and testing

without CBR as CMS deems appropriate.

e. Credentialing

CMS shall:

- 1) Provide explanation of any license actions and any other adverse information obtained from the National Practitioner Databank for each new physician at point of contracting.
- 2) Notify the MDOC Chief Medical Officer (or designee) immediately should CMS become aware of any change in the favorable status of any CMS Medical Service Providers.
- 3) Maintain a centralized file of credentialing information on all MSPs according to **Appendix E, CREDENTIALING CRITERIA** Provide proof of such documentation to the MDOC Chief Medical Officer (or designee) at hire or contracting, at any time status changes, and at least yearly.
- 4) Provide such documentation of MSP licensing and credentialing to each work site as is required by that site to document same for ACA or JCAHO credentialing purposes, where applicable. Minimally, evidence of State license to practice, DEA license, Board of Pharmacy License are needed at hire and copies must be provided to each worksite the MSP will be working at on a regular basis. Upon contracting CMS shall assure that Drug Control licenses are applied for by the physician. Upon receipt, copies must be sent to each work site.
- 5) Make MSPs available for any mandatory meetings or training sessions required by the MDOC or the State for administrative or security purposes..

f. Meetings and Committees

CMS shall:

- 1) Provide MSP participation in MDOC multi-disciplinary meetings for the purpose of training and/or information exchange.
- 2) Provide MSP participation on standing committees such as the Pharmacy and Therapeutics Committee, the Mortality Review Committee, Continuous Quality Improvement Committees, necessary Hospital committees, or other standing committees that may be organized in the future.
- 3) Provide for MSP participation on ad hoc committees or work groups necessary to assist the MDOC in establishing, promoting, or modifying policy and procedure having an impact upon the practice of MSPs in the system.
- 4) MSP Participation in the MDOC Continuous Quality Improvement program is mandatory for all MSPs.
- 5) The MDOC Chief Medical Officer shall chair a monthly meeting with CMS Medical Director which includes Clinical pathway review and development, policy & procedure review and development, pharmacy and therapeutics, mortality review, and any other clinical issue either party needs to address to advance the purpose of this contract.
- 6) The CMS Regional Medical Director shall be a member of the MDOC Mortality Review Committee.

g. Compliance Monitoring, Essential Outcomes, and Liquidated Damages

The MDOC will perform regularly scheduled audits using total cases or statistically valid random samples of source documentation to measure performance of CMS against the MDOC/CMS Clinical Pathways, or against MDOC policies, procedures, guidelines, or protocols. Attainment of outcome measurements will be reviewed for action on a facility-by-facility basis.

- 4) At facilities that fail to achieve 90% compliance with

audited physician activities (averaged over a 3 month period) where failure is determined to be a joint MDOC/CMS responsibility, the parties will jointly evaluate the cause(s) and develop an action plan to achieve and maintain 90% compliance. The joint evaluation will be conducted by the MDOC Chief Medical Officer and the CMS Regional Medical Director, or designees agreed to by both parties. A person jointly designated by the BHCS Administrator and the CMS Regional Manager will resolve substantive disputes.

- 5) At any time, if reported deficiencies of a provider or providers are so numerous or so apparent as to materially jeopardize the care of patients under their charge, or otherwise pose a liability for the State, the MDOC reserves the right to perform an investigation or focused audit and to force immediate action on the part of CMS to correct such problems. In these cases, liquidated damages shall not be assessed since the larger issue of breach of contract would be called into play if CMS did not take swift and appropriate action to resolve any substantiated deficiency.
- 6) At facilities where CMS is solely responsible for less than 90% compliance with Essential Outcomes (following identification, development of an action plan for resolution, and a period to cure) liquidated damages shall be assessed.

h. Essential Outcomes and Liquidated Damages

- 1) While MSPs provided by CMS will comply with all MDOC policies and procedures, the parties recognize that certain MSP activities are essential to the efficient delivery of quality health care. See the list of Essential Outcomes contained in **Appendix B** to this document.
- 2) The goal is compliance 100% of the time; thresholds for compliance are only for the purposes of applying liquidated damages. The availability of Liquidated Damages does not preclude the use of other remedies offered under the contract up to and including termination due to a material

breach.

i. Liquidated Damages

- 2) CMS shall be deemed solely responsible for non-compliance (and shall be assessed liquidated damages) if the failure to achieve 90% compliance to Essential MSP Outcomes is due to poor MSP productivity, or failure by CMS to provide the MSP services called for in this contract.
- 3) CMS shall not be deemed solely responsible for non-compliance if the MDOC does not supply ready access to adequate nursing support, adequate ancillary support, prepared patients, prepared records, and properly equipped examination room. CMS shall also not be deemed solely responsible if MSP communications is hindered in a material way by the MDOC.
- 4) CMS shall not be deemed solely responsible for non-compliance if it has exercised and can document diligence in its recruitment for a vacant position, and yet no replacement position can be found. Should this happen CMS shall prior to the end of the 30 day grace period:
 - a. Provide the MDOC Contract Administrator with written proof of its due diligence in providing the position
 - b. Petition the MDOC to provide relief in the form of restriction of the facility or other accommodation, and
 - c. Negotiate terms of the limited levels of care to assure the MDOC that all essential care is covered.
 - d. Enter into negotiations with the MDOC to develop the best approach to providing the services.
 - e. Review and accept payment adjustments to reflect altered health care delivery pattern under the contract

Failure to do the above shall mean CMS is subject to liquidated damages.

- 5) For each non-compliant facility where CMS is solely responsible for the non-compliance:
- a. The period to cure may be from immediate to several days, weeks, or months, considering the individual circumstances of the case. The MDOC and CMS will jointly determine the length of this period given the individual circumstances surrounding the non-compliance and the degree to which patient care is at risk. If CMS and the MDOC meet an impasse on this issue the Administrator of the MDOC Bureau of Health Care Services shall serve as the final arbiter.
 - b. As risk increases the period to cure decreases. Risk varies directly with the severity of a prisoner's condition. Where potential for risk/severity of illness is high, the period to cure will be short, from immediate, to days. The period to cure in each case shall be set considering the best interest of the patient(s) and sufficiently short as to minimize pain and suffering and to avoid preventable advancement of illness or delay in the healing process. Each case will be recorded and will serve as precedence for future cases.
 - c. If thresholds are not met within the period to cure, CMS shall be subject to a \$500 per case, per month liquidated damages assessment for each case that contributes to the deficiency (i.e., each case that contributes to the reduction below the 90th percentile of compliance) after the end of the period to cure. A particular episode of care shall not be counted as more than one deficiency (i.e., if there are multiple deficiencies within an episode of care, it will be counted as a single deficiency for the purposes of applying liquidated damages).
 - d. Damages shall be assessed for each 90-day period past the initial period where compliance has not made threshold. Any failure to provide services is considered a breach of contract. The liquidated damages process allows corrective action short of contract termination due to breach.

k. Secure Unit

- 1) The MDOC shall provide a Secure Unit Coordinator (the DLW Hospital Administrator or designee) to fulfill responsibilities for managing the interface between health care, custody, and the subcontracted hospital operations. No other MDOC staff shall be dedicated solely to this project. If the Secure Unit hospital administration must contact the MDOC in an emergency situation the order of contact shall be:

- 1) DLW Hospital Administrator
- 2) MDOC Chief Medical Officer (CMO)
- 3) MDOC Program Administrator
- 4) MDOC BHCS Administrator

Custody/security issues should be addressed to the ranking officer on the unit who will contact the appropriate prison security liaison.

- 2) CMS's Secure Unit agent(s) shall meet at least bi-monthly with the chief of security and the MDOC Secure Unit Coordinator. All meetings between the CONTRACTOR and MDOC representatives shall include the MDOC Secure Unit Coordinator.
- 3) For clinical operations, the Secure Unit Hospital's policies and procedures will be followed. Any variations to the Secure Unit Hospital's normal policy and procedure made necessary by the security issues shall be officially recognized by amendments or separate policy and procedure development. Such changes must reflect mutual consent of the parties to this agreement.
- 4) The Secure Unit provider shall assist in maintaining security by ensuring that each staff member follows security procedures and that staff members report any problems and/or unusual incidents to security staff and to the MDOC Health Care staff member in charge at the time.

- 5) The Secure Unit provider shall maintain a properly licensed, credentialed, privileged and trained staff to perform the services requested in this RFP.
- 6) The Secure Unit provider shall comply with all relevant Federal, State, County, and municipal statutes, regulations, and/or guidelines, as applicable, in carrying out their duties and responsibilities. The Secure Unit provider shall comply with all these statutes, regulations and/or guidelines whether or not such directives/guidelines are specifically referenced in this agreement.

17. Prosthetics, Orthotics and Other Services

- a. CMS shall provide prosthetics, orthotics and other services as described in **Appendix G**. Any items not included in this list are not the responsibility of CMS.
- b. CMS shall provide the necessary specialist and/or technical support necessary to properly provide and maintain the items/services in **Appendix G**.
- c. Equipment/goods originally supplied by CMS shall be repaired or replaced by CMS if the item is proven to be defective, if there is a need for replacement due to wear from normal usage, or if a prisoner's medical condition changes such that a different item is needed to address the prisoner's medical need. ***Lost, stolen or damaged equipment/goods identified in this section are not the responsibility of CMS.***
- g. CMS shall provide a review of requests for the items identified by a plus sign (+) in the **CMS Required Criteria-Based Review** column in **Appendix G** such that the DOC is assured reasonable usage based on medical necessity.
- h. CMS shall develop a process for timely delivery of Custom wheelchairs acceptable to the DOC.
- i. MSPs with a history of appropriate referrals in this area may be exempted from seeking prior authorization. Any MSP exempted from prior authorization is subject to periodic retrospective review.

B) **Administrative and Personnel Functions**

1. Administrative Issues

- a. CMS shall ensure that MDOC Policy Directives and DOM's which are marked Exempt are not released to or reviewed by anyone except an employee or contractor of CMS without written consent of the MDOC. Exempt MDOC Policy Directives are indicated in the MDOC Policy and Manuals.
- b. CMS shall have a program that subjects all employees and independent contractors filling full or part-time primary care positions to pre-employment and for cause alcohol and drug testing. Drugs tested shall include all controlled substances as identified in Article 7 of the Michigan Public Health Code, 1978 Public Act 368, as amended, being MCL 333.7101 *et seq.*
- c. Testing for cause shall be used in circumstances where the Warden or designee has information about an employee's conduct that would cause a reasonable person to believe the employee is demonstrating signs of impairment due to alcohol or illegal drugs, or has used these substances on Facility property.
- d. An employee whose alcohol or drug test is positive is considered in violation of policy and shall be terminated pursuant to proper verification of the test results.
- e. CMS shall provide documentation to the MDOC CMO that all working and supervisory (full-time, part-time, temporary, or intermittent) physicians and mid-levels have at the point of hire or contracting, and maintain throughout their tenure, necessary licenses to practice in the State of Michigan. In addition, CMS shall review candidate credentials with the MDOC Chief Medical Officer or designee. *The BHCS Chief Medical Officer and/or the BHCS Administrator may veto any potential MSP candidate without cause. Approval of potential MSP candidates will not be unreasonably withheld.*

- f. CMS shall notify the MDOC Administrator and the MDOC Chief Medical Officer immediately should CMS become aware of any change in the favorable status of CMS's Medical Service Providers.
- g. CMS shall maintain and share credentialing information on all MSPs, ER physicians and mid-levels, and network specialist physicians according to the Credentialing Criteria in **Appendix E, CREDENTIALING CRITERIA**. Provide access to such documentation for the MDOC Chief Medical Officer at hire or start of contract, at any time status changes, and at least yearly or as credentials are renewed.
- h. CMS shall provide such documentation of MSP licensing and credentialing to each work site as is required by that site to document same for ACA or JCAHO credentialing purposes.
- i. CMS shall make MSPs available for any mandatory meetings or training sessions required by the MDOC or the State for administrative or security purposes.
- j. CMS shall provide published work rules to each CMS employee/contractor providing service to the MDOC identifying rights and responsibilities within CMS organization. Provide an initial copy to the MDOC Contract Administrator and supply changes to the MDOC Contract Administrator for review and comment prior to their implementation.
- k. CMS shall initiate the LEIN clearance process with the appropriate custody/security representatives of the MDOC.

C) Tuberculosis and Hepatitis B

Tuberculosis skin tests and hepatitis B vaccinations shall be provided by CMS to its "at risk" staff working in MDOC facilities according to the Center For Disease Control and Prevention Guidelines as of the date of this Agreement. CMS shall maintain necessary documentation and make it available to the MDOC upon request.

D) Coordination of Treatment/Medication Schedules

CMS MSPs shall work with the MDOC managers and administrators at the unit level to establish structured medication and treatment times that satisfy issues associated with the frequency of inmate movements, locking and unlocking rooms, and maintaining security on the unit. CMS shall encourage providers to prescribe medications that have a time release feature, when possible, in order to reduce the number of doses dispensed to a minimum.

E) Mental Health Services

Mental Health Services shall not routinely be provided at the Secure Unit. MDOC shall not refer for admittance for mental illness as a primary condition/diagnosis. Treatment of mental illness during anticipated prolonged stay or for other special circumstances shall be approved only with the consent of the MDOC or its duly appointed agent. Such approved services shall be made with the advance identification of the estimated cost of such extra services to the State. CMS shall provide any necessary consultation for the purpose of evaluating or adjusting medications used for treatment of mental illness that are necessary during the course of any medical inpatient hospitalization.

F) Prisoner Health Records

1. Prisoner health records on the Secure Unit(s) shall be maintained according to community standards. Prisoner records in Specialty Clinics or in Ambulatory Health Care Units will be maintained according to MDOC Policy and Procedure.
2. Unauthorized use of prisoner health records in whole or in part by CMS is prohibited.
3. Prisoner Health Records include those recorded on paper, micrographic, computer electronics, audio tapes, film, photographs, video tapes and other recording medium.

4. MDOC's requests for copies of records shall be facilitated by CMS recognizing the State's role as payer for services and its responsibility to provide continuity of care. In addition, CMS agrees to provide access to or copies of records to any third party reviewer the State wishes for the purpose of quality or utilization review. Such information will be maintained as confidential through the oversight of the MDOC's Bureau of Health Care Services.

G) Prisoner Complaints/Grievances

1. CMS shall forward all complaints and inquiries received from prisoners, family members, and others referencing or pertaining to individual and/or general health care related problems on the Secure Unit(s) to the local Secure Unit Coordinator(s). Information on CMS-initiated corrective action or recommended actions should accompany the complaint or inquiry. The Secure Unit Coordinator(s) shall in turn attempt to resolve issues with active participation of CMS, however, copies of all complaints and inquiries regarding CMS's services should be sent to the Secure Unit Coordinator(s) for Secure Unit issues. All other complaints and inquiries should be sent to the Ambulatory Health Care Unit Manager (HUMs). The Secure Unit Coordinator(s) and/or HUMs and/or RHAs shall determine if custody or health care issues are involved and shall forward appropriate issues to custody for information purposes or for problem resolution, as necessary.
2. Formal prisoner grievances should be referred to the Secure Unit Coordinator(s), HUMs, or RHAs (as appropriate) who will initiate the formal MDOC grievance process. The Secure Unit Coordinator's and HUMs will act as liaison between the MDOC grievance coordinators and CMS to assure appropriate response. The Secure Unit Coordinator(s) and HUMs shall keep a log of all such grievances and CMS's response. CMS shall cooperate in resolution of any patterns of problems identified. CMS shall report monthly to the MDOC Secure Unit Coordinator(s) and HUMs on movement toward resolution of any cited problems or patterns of problems.
3. Grievances related to any other aspect of CMS's service shall be forwarded to

the Regional Health Administrator for resolution.

H) Quality Improvement and Utilization Management

CMS must have a written quality improvement plan which assures that prisoners receive medically necessary care with quality equivalent to that provided for non-prisoners across all areas of service provided under this contract. This must be done while accommodating security concerns.² CMS must work closely with both BHCS health care administration and with MDOC security administration within the MDOC to assure that health care and security needs are met for all levels of prisoners at all times.

1. The quality improvement program shall include such audits, narrative reports and executive summaries necessary to identify and remedy any quality issues in CMS operations.
2. CMS shall institute a quality improvement program for services provided under this contract which shall include but not be limited to audit and medical chart review procedures on the secure unit. In addition, CMS's agents shall cooperate fully with Continuous Quality Improvement activities within DLW Hospital bearing on the delivery of specialty services within DLW Hospital and with the MDOC Continuous Quality Improvement effort at all MDOC ambulatory health care units.
3. Reports of activity from the monthly meetings distributed on Quality Improvement activity affecting services provided pursuant to this contract must be provided to the BHCS Central Office CQI Coordinator on a monthly basis. To supply reports in this manner maintains their confidentiality under the MDOC's CQI Plan (See Supplemental Information).
4. CMS shall also provide utilization reports and suggestions for improvement in the

² The MDOC will provide 24 hours custody coverage at its expense on the Secure Unit and will provide appropriate coverage for movement of patients to services within the Secure Unit Hospital.

coordination of services under this contract. Monthly reports shall be generated and presented for discussion at the MDOC/CMS meeting.

5. CMS must share its prisoner-related data in standard electronic format. Requests for transfer of data made by the MDOC shall be responded to within 3 working days and a time frame for delivery agreed upon between CMS and the MDOC based on the complexity of the request.

**SECTION III
CMS INFORMATION**

III-A BUSINESS ORGANIZATION

PRIMARY CONTRACTOR:

Correctional Medical Services, Incorporated
12647 Olive Boulevard
P.O. Box 419052
St. Louis, Missouri 63141
314-919-9708

III-B AUTHORIZED CONTRACTOR EXPEDITER:

N. Reed Heflin

Correctional Medical Services, Incorporated
12647 Olive Boulevard
P.O. Box 419052
St. Louis, Missouri 63141
314-919-9708

IV PAYMENT TERMS AND CONDITIONS:

A. Reimbursement for the services required under this contract shall be as set forth under Attachment A. The MSP services shall be provided based on a flat annual fee. All other services shall be provided under a cost-plus management fee arrangement.

B. Terms and Conditions for Additional MSP Service Payment

CMS shall be reimbursed at 1.5 times the hourly mid-level rate for any extra mid-level hours requested by the MDOC and provided by CMS. CMS shall be reimbursed at the standard hourly rate for physicians.

The MDOC shall reimburse CMS for mileage according to State of Michigan travel regulations for MSP travel mandated by the MDOC in association with meetings or MDOC requested extra hours provided at other than the home site.

APPENDIX A

CONTRACT PRICING

A. Clinical and Administrative Rates

- 1) CMS shall provide the services described under this contract (excluding MSP services) according to the following Management Fee Model:

CMF AS % OF CCT	CLINICAL COST THRESHOLDS (CCT)	CLINICAL MANAGEMENT FEES (CMF)	TOTAL CLINICAL COST	MSP COST	Total Contract Year 7 Cost Estimate
14.59%	\$ 57,404,307	\$ 8,377,656	\$ 65,781,963	\$ 10,250,577	
14.92%	\$ 56,554,307	\$ 8,437,978	\$ 64,992,285	\$ 10,250,577	
15.25%	\$ 55,704,307	\$ 8,493,736	\$ 64,198,043	\$ 10,250,577	
15.58%	\$ 54,854,307	\$ 8,544,890	\$ 63,399,197	\$ 10,250,577	
15.91%	\$ 54,004,307	\$ 8,591,399	\$ 62,595,706	\$ 10,250,577	
16.24%	\$ 53,154,307	\$ 8,633,223	\$ 61,787,530	\$ 10,250,577	
16.58%	\$ 52,304,307	\$ 8,670,321	\$ 60,974,628	\$ 10,250,577	
16.91%	\$ 51,454,307	\$ 8,702,651	\$ 60,156,958	\$ 10,250,577	
17.25%	\$ 50,604,307	\$ 8,730,172	\$ 59,334,479	\$ 10,250,577	\$69,585,055.7 5

CMF AS % OF CCT	PMPM THRESHOLDS
14.59%	\$ 107.49
14.92%	\$ 106.20
15.25%	\$ 104.90
15.58%	\$ 103.59
15.91%	\$ 102.28
16.24%	\$ 100.96
16.58%	\$ 99.63

16.91%	\$ 98.30
17.25%	\$ 96.95

- 2) The Clinical Cost Portion for each month shall begin at the target rate of \$96.95. The payment for each month shall be calculated by multiplying this rate by the average number of prisoners incarcerated for the month. On a quarterly basis the target rate shall be adjusted based on agreed upon estimates of actual expenditures and using the appropriate management fee percentage from the table above. The payment shall be electronically transferred to CMS for each month by the 15th of the subsequent month.
- 7) The MSP portion shall in the first month be based on a monthly payment of \$854,214.73 (1/12th of \$10, 250,577 annual amount for 43.15 FTE physicians and 28.0 FTE mid-levels). The payment shall be electronically transferred to CMS for each month by the 15th of the subsequent month. In the second month and subsequent months:
 - A. Deductions shall be made for "hours-not-provided" based on the information from the Tracy Time Keeping System. Deductions shall be made based on the hourly Salary and Wages plus benefits for the respective provider type (physician or mid-level)
 - B. Additions shall be made to the payment for any extra hours requested by DOC and provided by CMS according to the terms in this contract.
- 7) The contract year runs from April 1 through March 30. Contract year closing shall be by the last day of August each year and reconciliation shall be made at this time based on actual CMS paid claims and CMS paid costs according to the mechanisms described in this agreement.
- 8) Contract Year 8 Clinical and Management fees shall be adjusted by the Consumer Price Index for All Medical Goods and Services, Midwest Region, Urban Average + 2.7%.
- 9) Contract Year 8 MSP payments shall increase according to the percentage increase given to the equivalent Civil Service position.

APPENDIX B

ESSENTIAL OUTCOMES

#	Essential Outcome
	<i>Ambulatory Care</i>
1	Performs Reception Center H&P within 10 business days
2	Conducts Chronic Care Clinics according to joint MDOC/CMS CCC Guidelines
3	Examines Urgent referrals on the same day or next business day
4	Evaluates patients discharged from inpatient setting or seen in ER on the same day or next business day
5	Examines routine referrals within 5 business days
6	Follows MDOC Procedure, including time frames, for obtaining off-site and specialty services
7	Makes rounds in segregation units at least every two weeks, observing and giving each prisoner the opportunity to request an evaluation
8	Evaluates all patients awaiting offsite and specialty services every 30 days until primary (not follow-up) services are delivered
9	Follows MDOC process to notify MDOC Regional Medical Officer of all non-approvals of offsite services
10	Complies with the MDOC Formulary and when medically necessary the MDOC Off-formulary Request Process
11	Complies with the recommendations of the MDOC Pain Committee on use of narcotics for chronic pain patients
12	MSP meets with patients after an offsite service or specialty visit when there are results, specialist recommendations, or changes in an existing treatment plan or new treatment plan to be discussed
	<i>Duane Waters Hospital</i>
1	Completes medical records according to DWH Staff By-Laws and JCAHO requirements
2	Mid-level practitioners are supervised in the inpatient setting according to MDOC procedure

3	Mid-level practitioners in the Emergency Room setting are supervised according to the MDOC procedure developed in conjunction with CMS
4	Patients in the inpatient setting are evaluated in accordance with DWH Medical Staff By-Laws and based on their status as acute or extended care
5	Documentation in the medical record occurs after each patient encounter
6	Documentation in the medical record is in SOAP format and meets mutually accepted (MDOC & CMS) standards

APPENDIX C

MSP CLINICAL DUTIES AND RESPONSIBILITIES

37. Attend monthly staff meetings in Region. (OP 01.05.110, PD 01.05.110)
38. File Critical Incident Reports. (OP 01.05.120, PD 01.05.120)
39. Cooperate with the OPH and the DOAG to assist in the defense of any suit against the Department or its employees. (PD 02.01.102)
40. Maintain accurate time and attendance records. (PD 02.02.100)
41. Employees or contracted MSPs shall be required to observe Civil Service and Departmental Policies and Rules, conduct themselves according to the Department and State Code of Ethics and to render satisfactory performance of their job duties as well attendance and punctuality. (OP 02.03.130, PD 02.03.130)
42. Complete all yearly required in-service training. (PD 02.05.101)
43. Meet with Ombudsman staff when required. (PD 03.02.135)
44. Conduct a health screening and full health appraisal for each new prisoner in the Department. (PD 03.04.100)
45. Obtain informed consent in writing when such consent is required under prevailing medical community standards. (PD 03.04.105)
46. Maintain active participation in facility CQI committee. (PD 03.04.106)
47. Maintain the confidentiality of any and all health record information. (PD 03.04.108)
48. Request and review health information from private hospitals, Doctors or clinics when

necessary. (PD 03.04.108)

49. Completion of and submission of any forms or reports required by the Michigan Department of Community Health or the Center for Disease Control in cases of reportable infections. (PD 03.04.120)
50. Conduct body cavity searches when authorized by the Warden and in compliance with State law. (PD 04.04.110)
51. Maintain strict control of medical instruments and hazardous medical substances kept in their area. (PD 04.04.120)
52. Participate in disturbance control per Policy Directive. (PD 04.04.100)
53. Provide prompt medical attention to any seriously ill or injured person they discover, including first aid, CPR and any other care they are qualified to provide. (PD 04.06.105)
54. Provide evaluation, treatment and management recommendations required for suicidal and self injurious prisoners. (PD 04.06.115)
55. Evaluation of prisoners on hunger strikes. (PD 04.06.120)
56. Dispense prescribed legend medication from their own physician box. (PD 04.06.170)
57. Maintain active professional license, drug control license and pharmacy license in the State of Michigan. (OP 02.06.111C)
58. Supervise non-physician medical service providers when assigned by supervisor. (OP 03.04.100A)
59. Submit requests for offsite medical services to CMS and respond to requests for more information by CMS. (OP 03.04.100G)

60. Submit appeals to CMS for non-approved or redirected medical care which they do not agree with and provide information regarding non-approval or redirections of service to consulting specialists originating the request. (OP 03.04.100G)
61. Evaluate all inmates who have signs and symptoms of active TB disease and arrange for their quarantine in a negative pressure isolation room. (OP 03.04.115)
62. Make rounds in segregation units at least every two weeks. (OP 04.05.120, PD 03.04.100)
63. Order medically appropriate medication through the appropriate MDOC process. (OP 04.06.170)
64. Follow MDOC formulary except when a non-formulary medication is more appropriate and in such instances follow the instructions in the formulary for obtaining Medical Director's approval. (OP 04.06.170)
65. Evaluate all medication errors made in their facility and determine if treatment is needed. (OP 04.06.170A)
66. Evaluate all prisoners referred to them as a result of their annual health screen for either present medical problems or age appropriate preventative screening. (PD 03.04.100)
67. Accept responsibility for the ongoing medical care of all inmates at the facility to which they are assigned.
68. Evaluate all patients who have required emergency medical attention on the next business day following the emergency. (PD 03.04.100)
69. Conduct chronic care clinics according to the Guidelines. (PD 03.04.100)
70. Take an active role in providing patient instruction and information to prisoners for self care. (PD 03.04.100)
71. Evaluate any prisoner who has a chronic disease who presents with symptoms indicating the chronic disease is out of control, no later than the next business day. (PD 03.04.100)

72. Order appropriate immunizations for those prisoners enrolled in chronic care clinics according to Guidelines.

APPENDIX D

REQUIRED TRAINING

MDOC HIV Preceptorship Program

This program is mandatory for all MDOC providers and consists of 3 days of training. The first day is didactic consisting of lectures, case presentations and case discussions. This is followed by a 2 day clinical component which involves 1 day at the D. L. Waters Infectious Disease Clinic and 1 day at a community site designated by MDOC.

MDOC Required Annual Training

The MDOC requires that all staff have up to 16 hours of annual training to be determined by the Director of Corrections. The Contractor will be responsible for providing equivalent training (as determined by the MDOC Training Division) or reimbursing the Department for providing the training. Additional clinical training will be required to provide a minimum of 40 hours of annual training.

Required Basic Skills Training

All MSPs will be granted privileges to do routine and basic clinical procedures and in an emergency MSPs shall do all in their power to save the life of a patient. Rather than delineate all privileges, the following are minimally acceptable skills, each provider will either have upon hire/contracting or within six months. Any other invasive procedure will require privileging.

1. Consultations in Medicine
2. Arthrocentesis of the knee and knee joint injections
3. Skin Punch Biopsy
4. Initial ECG Interpretation
5. Anoscopy
6. Single Layer Suturing
7. Trimming of Nails on any patient needing it excluding diabetics. Diabetics will be referred to podiatry for these services.
8. Initial interpretation of x-ray when appropriate (such as determining an obvious fracture

so that treatment may be facilitated)

Non-Custody New Employee and Contractor Training for CMS Physicians and Mid-Levels

All CMS physicians and mid-levels are required to attend the new employee or contractor training certified by the Department of Corrections training Division. The training is provided by CMS and the Institutional Training Officers by agreement with CFA. The attached list describes those portions for which CMS trainers are responsible and those for which the ITO's are responsible. It is the responsibility of the HUM at each facility to coordinate the scheduling of each physician or mid-level with the ITO to complete the training in the prescribed time period.

Appendix D (Continued)

Non-Custody New Employee Training for CMS Physicians and Mid-Levels

For Full Time or Part Time CMS Physicians and Mid-Levels Working in a Correctional Facility for More Than 45 Days

<u>Program Title</u>	<u>(1)</u> DOC NES Training Program	<u>(2)</u> Presented By CMS/ITO
Airborne Pathogens	CMS Trainer	CMS Trainer
Blood Borne Pathogens	CMS Trainer	CMS Trainer
Sexual Harassment Prevention	CMS Trainer	CMS Trainer
Right to Know	CMS Trainer	CMS Trainer
Policies & Procedures (read & sign)	CMS Trainer	CMS Trainer
Employee Handbook (read & sign)	CMS Trainer	CMS Trainer
General Safety Awareness	CMS Trainer	CMS Trainer
Work Site Orientation	ITO	ITO
Health Care Site Orientation	BHCS Staff	BHCS Staff
(The above programs must be attended prior to beginning work inside a correctional facility)		
Department and Administrations Overview	CMS Trainer	CMS Trainer
CPR	(valid A. Heart or R. Cross Cert)	(valid A. Heart or R. Cross Cert)
Ethics in Corrections	CMS Trainer	CMS Trainer
Drug Test Training	CMS Trainer	CMS Trainer
Safety Awareness	CMS Trainer	CMS Trainer
Hostage Awareness	CMS Trainer	CMS Trainer
Prisoner Grievances	CMS Trainer	CMS Trainer
Security Threat Groups	CMS Trainer	CMS Trainer
Mentally Disordered Prisoners	CMS Trainer	CMS Trainer
Suicide Awareness	CMS Trainer	CMS Trainer
CMS Orientation	CMS Trainer	CMS Trainer
Custody & Security	CMS Trainer	ITO
Professional Empl. Conduct W/ Offenders	CMS Trainer	ITO

Misconduct Report Writing	CMS Trainer	ITO
Prisoner Discipline	CMS Trainer	ITO

- The above programs should be attended prior to beginning work inside a correctional facility; however, they must be attended within 45 days of date of hire. Special training is to be provided for those working in female facilities.

APPENDIX E

CREDENTIALING CRITERIA

Medical Service Providers

The following list defines the documentation required to consider an application COMPLETED. When all information and documentation has been received and VERIFIED, the application and supporting documentation is forwarded to the appropriate departments/subsidiaries for review and recommendation. [Applicability: A = applicable for ambulatory MSPs, S = applicable for Specialists, H = applicable for physicians]

21. Completed Application, including Authorization for Release of Information (Original Signature only) **[A,S,H]**
22. Current MI Professional License **[A,S,H]**
23. Current MI Controlled Substance License **[A,S,H (physicians only)]**
24. Current Federal Controlled Substance License (DEA) **[A,S,H]**
25. MI Drug Control License (to facilitate dispensing from night boxes **[A, H (physicians only)]**)
26. Out-of-State Licensure, if applicable **[A,S,H]**
27. Past insurance verification/Claims History(s) **[A,S,H (physicians only)]**
28. Board Certificate(s), if applicable **[A,S,H (physicians only)]**
29. Medical/Professional School **[A,S,H]**
30. ECFMG Certificate, if applicable **[A,S,H (physicians only)]**
31. Current hospital affiliation(s) **[A,S,H (physicians only)]**
32. Past hospital affiliation(s) **[A,S,H (physicians only)]**
33. Outpatient practice history **[A,S,H]**
34. Academic/Faculty Appointment(s) **[A,S,H]**

35. Gaps in Practice History explained **[A,S,H]**

36. Professional Reference Letters **[A,H]**

37. Delineation of Privileges Forms and required supporting documentation (evidence of training, surgical summary, etc.)
[A,H]

38. Continuing Medical Education Credits **[A,H]**

39. National Practitioner Data Bank Report **[A,S,H]**

40. Evidence of Compliance with Mandatory Tuberculosis Evaluation Requirement. **[A,H]**

Appendix F

Reporting

#	Reporting Requirement	Distribution
1.	Exceptions or outliers to time frames for pre-authorization review, by facility and region (to be provided for each calendar month by the 15 th of the following month)	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and Contract Administrator
2.	Summary of pre-authorization activity, by facility and region that is within contractual time frames (to be provided for each calendar month by the 15 th of the following month).	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
3.	Status of referral requests in the review system (to be provided for each calendar month by the 15 th of the following month)	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
4.	By the 5 th of each month, produce Provider Network Report (with changes from previous month highlighted)	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
5.	Provide a monthly Scheduled Specialist Appointments Report, by the 25 th of each month, Including cases highlighted which are changes from the previous schedule and a section entitled "To Be Scheduled". Dates should be included for tracking purposes.	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
6.	Planned staffing, by facility and region (to be provided for each mid-level pay period by Thursday of the preceding week)	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
7.	Monthly mid-level supervision status report, including prescriber delegation	Electronically to RMOs, RHAs, and DLW Administrator with copies to CMO and DOC Contract Administrator
8.	Provide a four (4) working day advance notice of coverage for planned vacancies to facilitate planning for clinic schedules.	to the CMO, RMO, RHA or designee
9.	Provide a quarterly MSP Hours Utilization Report that documents hours provided under the contract by facility and provider such that over and under utilization can be tracked. [At year end the MDOC shall conduct a contract year reconciliation to assure provided hours and paid hours match.]	Electronically to DOC Contract Administrator and DOC Bureau of Fiscal Management.

Appendix G

Prosthetics, Orthotics and Related Items

Items	MDOC RMO prior review necessity	MDOC Procures, Repairs, Replaces	Requires prior Criteria- Based Review	CMS Procures, Repairs, Replaces	Criteria used (* = CMS/ Industry Std.)
Catalog Shoe	+	+	-	-	MDOC guidelines
Catalog foot orthotics	+	+	-	-	?
Canes, Crutches, Walkers	-	+	-	-	MSP judgment
Wheelchair					
Custom	-	-	+	+	*
Non- Custom	-	+	-	-	N/A
Bone stimulators external	-	+	+	-	Medicare
Contact lenses	-	-	+	+	Medicaid/ hard preferred
Prosthetic eyes	-	-	+	+	*
Limb prosthesis	-	-	+	+	*
Splints, braces					
Custom	-	-	+	+	
Std./catalog		+			MSP judgment
Hearing aids	-	-	+	+	One h.a. if both ears have avg. lower 40db
C pap/ bi pap	-	+	+	-	*
O2 concentrator	-	+	+	-	*
Mattress	-	+	-	-	MDOC
TENS					
W/ Battery	-	+	-	-	N/A
W/o battery	-	-	-	-	N/A

Supplies (colostrum, diabetic, etc)	-	+	-	-	MDOC
Lab supplies	-	-	-	+	MDOC statewide
Drug pump external	-	-	+	+	*

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET

OFFICE OF PURCHASING

November 30, 2001

P.O. BOX 30026, LANSING, MI 48909

OR

530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 10
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345		VENDOR NUMBER (2) 43-1281312 (002)
		BUYER (517) 241-1647 Irene Pena
NIGP #948-46 Contract Administrator: Richard Russell CS-138 #472S8000078 Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD From: April 1, 1997 To: April 1, 2003 *		
TERMS Net 30 Days	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

* **Plus ONE (1) OPTIONAL EXTENSION for 1 (one) additional 4 (four) year period.**

NATURE OF CHANGE (S):

**Effective 11/6/01, the attached specifications are hereby incorporated into this contract.
This contract is also INCREASED by \$2,900,000.00. All other specifications, terms,**

conditions, and pricing remain the same.

INCREASE: \$2,900,000.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$278,321,097.00

MICHIGAN DEPARTMENT OF CORRECTIONS

AMENDMENT TO THE MANAGED CARE CONTRACT (#071B7000384) TO ADD AN ELECTRONIC PRISONER HEALTH RECORD SYSTEM

I. TERMS AND CONDITIONS

This document serves to establish the mutually agreed terms and conditions for modification to the managed care contract (Contract) between the State of Michigan and Correctional Medical Services, Inc. (CMS), extended beginning April 1, 1999 and continuing to the end of the current contract period on March 31, 2003. Authority for this modification is found in sections **I-B ISSUING OFFICE, I-T MODIFICATION OF SERVICE, I-V RIGHT TO NEGOTIATE EXPANSION, and I-W MODIFICATIONS, CONSENTS, AND APPROVALS** found in the original contract. The effective date of this Amendment shall be ~~October 2nd~~ November 6th, 2001 ("Effective Date").

The basic intent of the original contract is to provide off-site specialty medical services and inpatient hospital services to all prisoners in the Michigan Department of Corrections (MDOC). This Amendment adds to the Contract but does not alter any of the original terms and conditions of the Contract outside of the official Change Orders.

To further the managed care effort and in recognition of mutual advantages of computerizing information storage and information flow for prisoner health services, CMS shall provide CMS's Electronic Prisoner Health Record system known as "Serapis©" (the EPHR System) for \$2,900,000 subject to the terms of the license granted in Article IV. This Amendment provides that the EPHR System will be initially implemented (Initial Implementation) at five of MDOC facilities and the CMS Okemos office (Western Wayne Correctional Facility, Robert Scott Correctional Facility, a camp to be named, the DLW Emergency Room and Specialty Clinics, the MDOC central office, and the CMS Okemos Office) during which CMS shall implement and test system functionality prior to extending the EPHR System to the remaining MDOC health care sites of ambulatory care listed in Appendix E (Full System Implementation).

II. OBJECTIVES

CMS shall implement an Electronic Prisoner Health Record (EPHR) for the MDOC covering all ambulatory health care sites of service listed in Appendix E.

A. CMS shall implement an EPHR System that:

1. Integrates the record for medical services, nursing services, dental services, and mental health services and maintains screen forms for input consistent with the intent of existing record keeping/reporting activities.

MICHIGAN DEPARTMENT OF CORRECTIONS

2. Provides electronic pharmacy ordering capabilities, and laboratory ordering and reporting capabilities.
3. Is written in a programming language acceptable to MDOC and CMS.
4. Is tailored to the corrections environment such that it assists in the key tasks of documentation necessary for:
 - a. Efficient and effective recording of prisoner ambulatory health care encounters;
 - b. Efficient and effective exchange of data;
 - c. Efficient and effective forwarding of data alerts to appropriate clinical personnel;
 - d. Obtaining and maintaining data for health services system analysis;
 - e. Maintaining compliance with American Correctional Association (ACA) accreditation standards; and
 - f. Maintaining compliance with federal and state laws on the confidentiality of health records.
5. Offers multiple advantages over the traditional paper system including:
 - a. Standardized and legible progress notes;
 - b. Multi-user, multi-site capabilities;
 - c. Comprehensive clinical data collection per ACA standards;
 - d. Flexible and easily adaptable output reports for utilization and quality monitoring;
 - e. Patient scheduling;
 - f. Lab ordering and result tracking; and
 - g. Prescription ordering and tracking and facilitation of automatic refills when necessary.

B. Use of the EPHR System shall promote the following:

1. Consistency of care;
2. Advance identification of chronic patients;
3. Pro-active treatment of chronic patients;
4. Productivity gains through workflow and approval processes;
5. Streamlined utilization and administrative reporting on medical services provided by on-site staff;
6. Enhanced analysis of medical services provided and population characteristics through data collection and reporting;
7. Cost containment;
8. Clinical data trending and analysis;
9. Enhanced clinical decision making due to ability to rapidly access and analyze data.

MICHIGAN DEPARTMENT OF CORRECTIONS

III. SCOPE OF SERVICES TO BE PROVIDED BY CMS

CMS will provide the following services with respect to the Initial Implementation and the expansion to Full System Implementation within the limits defined within the Article III, Section K and which were included in the calculation of the Purchase Price hereunder. CMS shall charge MDOC its then-current fee, whether for consulting services or materials, for any additional services and/or materials requested by MDOC which are in excess of such limits contained in this Article III.

- A. Project Management & Implementation. The following tasks shall be accomplished by CMS during this phase:
 - 1. Assist MDOC in establishing project organization: CMS will assist MDOC in establishing and managing a work group that is responsible for the implementation of the EPHR System. This will include a definition of project teams and their roles and responsibilities throughout the development and implementation of the project.
 - 2. Develop project plan: CMS will develop a project plan to phase in the EPHR System.
 - 3. Develop test plan for Acceptance Testing: CMS will develop steps for Acceptance Testing pertaining to the EPHR System prior to Initial Implementation.
 - 4. Identify needs: CMS will identify the need for running parallel and/or cut over to the EPHR System.
 - 5. Conduct risk assessment: CMS, in conjunction with MDOC, may conduct a risk assessment session to identify and quantify potential risks that may impede the success of the EPHR System.
 - 6. Develop technical design: CMS will develop a technical design document that illustrates the technical aspects of the EPHR System, including the entity relationship diagram.
 - 7. Provide summaries to MDOC: CMS will meet twice a month with MDOC's Contract Administrator, by telephone or in person, to review progress. CMS will provide a written summary to MDOC's Contract Administrator on a monthly basis summarizing the work accomplished during the reporting period and work anticipated to be accomplished during the subsequent reporting period.
 - 8. Acceptance Testing: Prior to the Initial Implementation, CMS will provide MDOC with a working prototype of the EPHR System to ensure that the EPHR System performs substantially in accordance with the EPHR System Features (Appendix D). MDOC shall provide CMS with a written report of any problems with such prototype and any ways in which such prototype does not perform substantially in accordance with the EPHR System Features (each, an "Acceptance Issue") no later than sixty (60) days after such prototype is supplied to MDOC, unless CMS extends such deadline in writing. If no Acceptance Issue with respect to a System Feature is so reported, the EPHR System shall be conclusively deemed to perform

MICHIGAN DEPARTMENT OF CORRECTIONS

substantially in accordance with the EPHR System Features. In the case any Acceptance Issue is so reported, CMS shall have ninety (90) days to cure the Acceptance Issue. If any such Acceptance Issue is not cured within the 90-day time period, MDOC may, at its election, (a) extend the time period for CMS to cure such Acceptance Issue, (b) receive a reasonable refund or credit to be mutually agreed upon by MDOC and CMS, not to exceed \$25,000 for the module with respect to which there is an Acceptance Issue until such time as the Acceptance Issue(s) with respect to such module is cured, at which time such refund or credit shall become due and owing to CMS, or (c) if CMS and MDOC agree that such Acceptance Issue or combination of Acceptance Issues are material to the satisfactory operation of the EPHR System, terminate this Amendment and receive from CMS an amount equal to one-half of the amount paid by MDOC to CMS under this Amendment as of the time of such termination. At the end of this acceptance testing and the resolution of all Acceptance Issues, the EPHR System shall be conclusively deemed to perform substantially in accordance with the EPHR System Features listed in Appendix D.

- B. Requirements Gathering. This phase consists of analyzing MDOC's clinical processes and comparing them to those of the EPHR System in order to identify significant differences, if any.
- C. Infrastructure Analysis & Recommendations. CMS will perform a review of MDOC's infrastructure in which the EPHR System will operate and will propose to MDOC any hardware, software, and/or communications equipment (collectively "Equipment") which is necessary for the Initial Implementation of the EPHR System. MDOC agrees to provide CMS with requested information in order to complete this review. During the Full System Implementation, both MDOC and CMS will monitor the usage of this Equipment and recommend necessary adjustments to the infrastructure to accommodate growth, provide adequate response time, and to maintain security as required by applicable State and Federal laws.
- D. Development of Planned Additional Components. The base EPHR System consists of the Medical System. CMS will develop and implement the following Planned Additional Components to the EPHR System prior to the Initial Implementation:
 - 1. Scheduling System
 - 2. QSI® Dental System
 - 3. Mental Health Pathways (to be jointly agreed upon by CMS and MDOC)
 - 4. Nursing Protocols (to be jointly agreed upon between CMS and MDOC)
 - 5. MDOC inmate tracking system demographic interface
 - 6. EPHR customization
 - 7. Ten (10) customized EPHR reports to be defined in conjunction with MDOC.

MICHIGAN DEPARTMENT OF CORRECTIONS

- E. Security Assessment. CMS agrees to perform a security assessment of the EPHR System software to reasonably attempt to identify potential security problems prior to Initial Implementation.
- F. Training. CMS, in conjunction with MDOC clinical personnel, will develop a plan for training Authorized Users and will assist MDOC clinical personnel in the implementation of the training plan.
- G. Documentation. CMS shall provide MDOC with one (1) Training/User Manual per Authorized Provider, two (2) Quick Reference Guides per Authorized Provider, and a total of two (2) Operators Manuals.
- H. Database Administration. CMS shall provide database administration, as deemed necessary by CMS, for the EPHR System from the beginning of the Initial Implementation until March 30, 2003.
- I. EPHR System Administrator. CMS shall provide one (1) FTE EPHR System Administrator to support the EPHR System for this project from the beginning of the Initial Implementation until March 30, 2003.
- J. Support. CMS shall provide support for the EPHR System as further set forth in the Software Support Services Agreement attached hereto as Appendix A.
- K. Resource Allocation Included in Purchase Price. CMS believes the resource allocation set forth below is a fair and reasonable estimate based on the scope of the project as defined by MDOC at the time the Purchase Price was submitted.

The total hours and resource allocation for the service items set forth in **Article III Sections A, B, C, E and F** are included in the calculation of the Purchase Price. The actual number of hours and/or trips spent on each such service item may vary among the five services but total trips and hours are fixed within the Purchase Price at 54 total trips and 1,824 hours. If additional trips and/or hours are needed beyond such total, or if MDOC requests additional trips and/or hours, MDOC agrees to compensate CMS for such additional services at CMS's then current rate for CMS' employee(s) or contractor(s) to provide such additional services. For purposes of this Section, a "trip" is defined as travel by 1 CMS employee from St. Louis, Missouri to Michigan and the return home. Currently the rate for services outside of the scope of this contract is One Thousand dollars (\$1,000) per day for each employee and/or contractor.

The total hours and resource allocation for the service items set forth in **Article III Section D** is included in the calculation of the Purchase Price. The maximum number of hours spent on such service item is fixed within the Purchase Price at 950 hours. If additional hours are needed, or MDOC requests additional hours beyond such total, MDOC agrees to compensate CMS for such additional services at CMS's then current rate for CMS' employee(s) or contractor(s) to provide such additional

MICHIGAN DEPARTMENT OF CORRECTIONS

services. Currently this rate is One Thousand dollars (\$1,000) per day for each employee and/or contractor.

The total hours and resource allocation for the service items set forth in **Article III Sections G, H, and I** are included in the calculation of the Purchase Price. If additional documentation is requested by MDOC, then MDOC agrees to compensate CMS for such additional documentation at CMS's then current rate for those items requested plus shipping and handling. If an additional EPHR System Administrator is requested by MDOC, MDOC agrees to compensate CMS for all costs associated with such EPHR System Administrator.

IV. SCOPE AND DURATION OF USE (LICENSE TO USE THE EPHR SYSTEM)

- A. Grant of License.** Subject to the terms and conditions of this Amendment, CMS hereby grants to MDOC and the Authorized Users a non-exclusive, nontransferable perpetual license to (a) use the components of the EPHR System and all documentation for the EPHR System (the "Documentation") owned and supplied by CMS to MDOC (collectively, the "Licensed Materials") only in connection with the provisions of medical services in its prison facilities for the Authorized Number of Providers only, and (b) reproduce such components of the EPHR System for (i) the purpose of making one (1) backup copy, and (ii) purposes incidental to the use thereof. "Provider" shall mean a healthcare professional licensed to prescribe medications and engaged by MDOC or by a MDOC subcontractor to render health care services directly to a patient who is under the custody and control of MDOC. "Authorized Number" shall mean the number of Providers for which MDOC has fully paid license fees as set out in this Amendment and shall initially be 163, provided that the Authorized Number for the Dental component of the EPHR System shall initially be 55. "Authorized Users" shall mean all Providers and all employees and independent contractors working for or under the supervision of each such Provider, provided that MDOC shall have paid in full the appropriate license fee with respect to such Provider.
- B. Restrictions.** MDOC is not authorized to use the EPHR System except as outlined and set forth herein as a service bureau or outsourcer. CMS reserves all rights in and to the Licensed Materials not expressly granted herein. Accordingly, and without limiting the generality of the foregoing, MDOC shall not (a) permit any third party who is not an Authorized User to use the Licensed Materials, (b) use the EPHR System for commercial time-sharing use, or cause or permit others to do so, (c) create derivative works based on the EPHR System or the Licensed Materials, or cause or permit others to do so, (d) modify, reverse engineer, translate, disassemble, make derivative works from or decompile the EPHR System or the Licensed Materials, or cause or permit others to do so, or (e) remove any title, trademark, copyright and/or restricted rights notices or labels on the EPHR System or the Licensed Materials, or cause or permit others to do so. As described in Section B.5 of Article VIII, the EPHR System includes software licensed from QSI and

MICHIGAN DEPARTMENT OF CORRECTIONS

MDOC's use of the EPHR System must comply with the terms of CMS's license from QSI.

- C. **Additional Licenses.** During the term of this Amendment, MDOC may increase the Authorized Number of Providers by paying CMS's then-current license and maintenance fees for each additional Provider at the time the Authorized Number is to be increased. MDOC shall promptly notify CMS of any increase in the Authorized Number and shall pay, upon invoicing, the license and maintenance fees necessary to increase the Authorized Number to the actual number of Providers using the EPHR System. CMS shall have the right to audit MDOC's records upon mutually agreed-upon terms in order to determine the actual number of Providers using the EPHR System and the amounts due to CMS from MDOC.
- D. **New Software Development.** MDOC understands and agrees that CMS may develop and market new or different computer software ("New Software") that uses all or part of the EPHR System and that performs all or part of the functions performed by the EPHR System. Nothing contained in this Amendment gives MDOC any rights with respect to New Software.
- E. **Title to Licensed Materials; Copies.** Title to all Licensed Materials and the EPHR System including, without limitation, all copies thereof, is retained by CMS and/or its applicable suppliers. All intellectual property rights in and to the EPHR System and the Licensed Materials including, without limitation, all patents, copyrights, trademarks and trade secrets in and to the EPHR System and the Licensed Materials are and shall remain the property of CMS and/or its applicable suppliers. The EPHR System and the Licensed Materials are protected by, among other things, the copyright laws of the United States and international copyright treaties. MDOC shall not make copies of the Licensed Materials other than as expressly authorized in this Amendment. MDOC further agrees that any and all backup copies of the Licensed Materials made pursuant to this Amendment are subject to the provisions of this Amendment and all title, trademark, copyright and restricted rights notices shall be reproduced on such backup copies.
- F. **Delivery and Installation.** Prior to the Initial Implementation, CMS shall deliver to MDOC one (1) copy of the EPHR System, on media determined by CMS, together with any Documentation. CMS shall be responsible for the installation of the EPHR System on MDOC's servers, provided that such installation shall not begin until MDOC has met all the responsibilities set out in Article V.

MICHIGAN DEPARTMENT OF CORRECTIONS

V. MDOC RESPONSIBILITIES

- A. **System Infrastructure.** The following represents the required system infrastructure for the Initial Implementation and Full System Implementation. Purchase, installation, and maintenance of the following, including purchase of necessary software licenses required to establish the infrastructure is the sole responsibility of MDOC and MDOC acknowledges and agrees that the implementation of the EPHR System and all deadlines, system deliverables and performance guarantees are contingent on MDOC providing, purchasing, installing, maintaining, and ensuring adequate and sufficient performance of the following:

1. **Equipment Room(s)**
2. **Secure Location(s) for Equipment Room(s)**
3. **Constant HVAC Services**
4. **Sufficient Electrical Outlets and Emergency Power Source**
5. **Dust Control in Equipment Room**
6. **Mounting and Termination of All Hubs, Routers, Modems and Distribution Cables**
7. **LAN/WAN Infrastructure to include the following :**
 - a. **Adequate and Sufficient Station Cables**
 - b. **Appropriate LAN Configuration**
 - c. **Adequate WAN Design**
 - i.) TCP/IP is the Transport/Network protocol.
 - ii.) The purchase, installation, and maintenance of all LAN/WAN network equipment is the responsibility of MDOC.
8. **SERVERS:**
 - a. At least three (3) servers whose specifications will be determined by CMS and MDOC upon contract execution.
 - i.) NT Primary Domain Controller running MS Exchange Server as the mail server;
 - ii.) NT Database server running MS SQL Server 7.0 Enterprise Version;
 - iii.) A secondary database server configured as a backup domain controller with MS SQL Server 7.0 Enterprise Version to be used

MICHIGAN DEPARTMENT OF CORRECTIONS

upon failure of the main database server or the primary domain controller;

- iv.) Additional servers, as required, to provide users with adequate response time on the statewide system as mutually determined by CMS and MDOC;

b. Servers must meet the following minimum specifications:

- i.) Be capable of utilizing sufficient Intel central processor units to provide acceptable response time in each server's role ,
- ii.) Contain at least one 100 megabit Ethernet network interface card,
- iii.) Support hardware RAID up to and including level 5 with at least 64 megabytes of memory on the controller.
- iv.) Contain an ultra-2 SCSI controller for the disk drives with at least 64 megabytes of memory on the controller (RAID and SCSI controller may be combined).
- v.) SCSI hard drives must have a sub-ten-millisecond seek time, 15,000RPM, and be hot-swappable.
- vi.) Contain sufficiently large hard drives configured as a RAID level 5 array.
- vii.) Provide acceptable performance for backups.
- viii.) Uninterruptable Power Supply, capable of at least 20 minutes of battery power and configured for automatic controlled shutdown of the server and its operating system upon power failure.
- ix.) Provide some form of remote connectivity which allows CMS acceptable bandwidth and access to facilitate remote diagnostics, monitoring, and upgrading of the system.. The form will be one that is acceptable to MDOC and agreed to by MDOC and CMS.
- x.) Have a 7x24 service maintenance contract providing onsite repair with at least a 4 hour response time.
- xi.) Sufficient memory and L2 cache in each server so that each server provides acceptable performance in its role.
- xii.) Additional servers should be installed with Microsoft Terminal Server to provide users with adequate response time on the statewide system.
- xiii.) Network hardware and wiring (routers, switches, hubs, bridges, etc.) as necessary.
- xiv.) Sufficient PCs in the clinical and exam areas to allow the users access to the PC while seeing a patient. PCs must be at least Pentium III® 500mhz with at least 128mb RAM and contain 100 megabit network interface cards. Each PC must have at least 400 megabytes free disk space to store the application. Each PC should have at least a 17" color display monitor and a video card capable of 800x600 resolution in 24-bit true color.
- xv.) Printers must be network-capable in sites with more than one PC (or thin client). Sites with one PC (or thin client) can be

MICHIGAN DEPARTMENT OF CORRECTIONS

configured with a low-speed ink-jet printer connected to each device via parallel cable.

- xvi.) Adequate amounts of label printers must be networked and deployed in lab draw areas and other areas as needed for efficiency.

B. MDOC Support Services. MDOC is to provide sufficient Support Services to monitor equipment and networks, respond to outages, down-time, and all equipment, network and non-EPHR Systems issues and respond to any user calls and act as level one support. MDOC will provide reasonable escalation and remedies for down-time beyond user-acceptable levels.

C. MDOC Staff Resources.

1. Project Manager - MDOC will select and assign an EPHR Project Manager who will bear responsibility for the successful implementation of the EPHR system, act as CMS' point of contact within MDOC, manage MDOC resources, provide project management, review project deliverables, provide leadership, review completed application, and provide timely problem resolution and escalation.
2. Nursing Leader - MDOC will select and assign an EPHR Nursing Leader who will provide leadership and direction for MDOC nursing staff. This resource will manage nursing resources, assist in training clinical personnel, be responsible for proper utilization of the EPHR system by the nursing staff, and provide timely problem resolution and escalation.
3. MIS Leader - MDOC will select and assign an EPHR MIS Leader who will be responsible for the performance of the EPHR infrastructure as well as the level one support provided by MDOC MIS staff, and will provide leadership and direction for MDOC MIS staff. This resource will manage MDOC MIS resources, and provide timely problem resolution and escalation.
4. Mental Health Leader- MDOC will select and assign an EPHR Mental Health Leader who will provide leadership and direction for MDOC Mental Health staff. This resource will manage MDOC Mental Health resources, provide timely problem resolution and escalation.

D. Security. MDOC will be responsible to implement the infrastructure within which a secure Serapis application can run, following mutual discussion between MDOC and CMS on the security measures needed. The EPHR system will be an encapsulated piece of the MDOC MIS structure. Both MDOC and CMS need to provide physical building security at their sites to control access to the application and data. In addition MDOC needs to provide network security, while CMS needs to provide software application security both within the EPHR system and between the EPHR system and Windows NT/2000. Data that travels across lines that are not in the control of MDOC needs to be encrypted, and that is CMS's responsibility; if determined to be necessary, MDOC will take steps to facilitate this encryption. It is the responsibility of both MDOC and CMS to ensure that each of their respective aspects of the infrastructure meets all state and federal laws, rules, and regulations relating to security and confidentiality of patient medical records. It is the

MICHIGAN DEPARTMENT OF CORRECTIONS

responsibility of both MDOC and CMS to perform a joint security assessment of the infrastructure.

E. MDOC Contract Administrator. CMS shall work with the MDOC Contract Administrator who is responsible for coordinating the following activities:

1. Monitoring contract compliance;
2. Reviewing project deliverables;
3. Reviewing completed application;
4. Resolving MDOC-related issues as they arise;
5. Performing other activities pertaining to the EPHR System as deemed necessary by MDOC; and
6. Facilitating all communications with other state entities, as needed

VI. PURCHASE PRICE AND TAXES.

A. Purchase Price.

The total project, maintenance, and support cost of the EPHR System is \$5,848,000 and the detail can be found in Appendix B – Project Costs. In recognition of the CMS/MDOC shared benefit to the existing managed care system in helping to manage costs and promote quality and efficiency, CMS has given MDOC discounts in the total amount of \$2,948,000. The final cost to MDOC is \$2,900,000 (the “Purchase Price”), provided, however, that this amount is based on the assumptions about estimated numbers of Providers in Section A of Article IV. If MDOC licenses additional Providers beyond the estimated number, the cost will increase in accordance with the terms of the EPHR Systems license in Article IV. The Purchase Price includes the cost of Support Services (as defined in the Software Support Services Agreement (Appendix A)) for the Initial Term of this Amendment.

B. Taxes.

In addition to all charges specified in this Amendment, MDOC shall pay for all federal, state, local or other taxes not based on CMS’s net income or net worth, including, but not limited to, sales, use, privilege and property taxes, or amounts levied in lieu thereof, based on charges payable under this Amendment or based on the Licensed Materials, their use or any services performed hereunder, whether such taxes are now or hereafter imposed under the authority of any federal, state, local or other taxing jurisdiction; in lieu thereof, MDOC shall provide a valid exemption certificate to CMS and the appropriate taxing authorities.

VII. CONTRACT INVOICING AND PAYMENT

Payment of the Purchase Price shall be made according to the Payment Schedule attached as Appendix C. License fees for increases in the Authorized Number and amounts due CMS for any additional services shall be paid within thirty days of invoice from CMS.

MICHIGAN DEPARTMENT OF CORRECTIONS

Interest on late payment for amounts greater than 15 days past due shall be the lesser of 1.5% per month or the maximum amount permitted by law and shall accrue as of the due date for such payment. In addition, past due payments may result in the termination of this Amendment under the provisions of Section B of Article VIII.

VIII. TERM AND TERMINATION

A. Term.

The term of this Amendment shall commence on the Effective Date and shall continue until March 30, 2003 ("Initial Term"), unless it is terminated or extended as provided herein. At any time prior to the end of the Initial Term, the parties may agree in writing to extend the term of this Amendment for such term, including renewal terms, as the parties mutually agree.

B. Termination

1. **Termination for Default.** If either party defaults in the performance of any of its obligations hereunder, and fails to cure such default within ninety (90) days after receipt of written notice from the other party specifying such default (except that MDOC shall only have fifteen (15) days to cure a default for non-payment under Section VII above), then the other party shall have the right to terminate this Amendment by providing written notice of such termination to the other party and, in such event, this Amendment shall terminate on the date specified in such notice.
2. **Termination If Contract Terminated.** A termination of the Contract shall not terminate this Amendment unless specifically specified in the termination notice.
3. **Termination by Agreement.** The parties may mutually agree to terminate this Amendment in the event that the Software Support Services Agreement (Appendix A) is terminated.
4. **Remedies.** Termination of this Amendment shall not limit either party from pursuing any other remedies available to it, including injunctive relief, nor shall such termination relieve MDOC of its obligation to pay all fees that accrued prior to such termination.
5. **Transfer of Licenses upon Termination.** The EPHR System is comprised of software owned by Quality Systems International (QSI) and licensed to CMS, as well as CMS-owned software. CMS has combined these pieces of software to create the EPHR System known as "Serapis®." In the event that MDOC so requests and (a) the Contract is terminated including this Amendment, (b) this Amendment is terminated, or (c) the Software Support Services, Agreement (Appendix A) is terminated, CMS shall transfer to

MICHIGAN DEPARTMENT OF CORRECTIONS

MDOC all individual Provider licenses for the Authorized Number of Providers currently paid in full by MDOC at such time to utilize the QSI software in the EPHR System, provided MDOC executes a Software License and Services Agreement with QSI or its applicable subsidiary or affiliate. Thereafter, MDOC may increase the Authorized Number of Providers by purchasing additional licenses for Providers directly from QSI for its software and by also purchasing additional licenses for Providers from CMS for the software enhancements created by CMS which make up the EPHR System by paying CMS the sum of One Thousand, Five Hundred Dollars (\$1,500) for each additional Provider added to the Authorized Number, provided that, after the second anniversary of such termination, CMS may increase such \$1,500 fee for such increases annually by a percentage not to exceed the then current annual percentage increase in the Consumer Price Index – All Urban Consumers as published by the United States Department of Labor's Bureau of Labor Statistics, or 5%, whichever is greater by giving written notice to MDOC of such increase. After such transfer, MDOC may obtain maintenance from QSI directly for both QSI's software and the CMS-owned software or may contract with CMS to continue to provide support services for the EPHR System. In the event of such a termination where MDOC does not request that CMS transfer such licenses, MDOC shall return to CMS or destroy all copies of the Licensed Materials and the EPHR System and cease using the Licensed Materials and the EPHR System as of the date of termination. If MDOC elects to destroy all copies of the Licensed Materials, MDOC shall provide CMS with a sworn certification that such destruction has been accomplished within the first five (5) days of the completion of such destruction. Notwithstanding anything herein to the contrary, if such license transfer takes place on account of a termination due to a breach by MDOC for a failure to pay amounts due under this Amendment, CMS shall have no obligation to transfer any licenses beyond the Authorized Number for which payments have been received in full. For purposes of this document, the term "QSI" shall mean Quality Systems International, Inc. and any of its subsidiaries and affiliates.

MICHIGAN DEPARTMENT OF CORRECTIONS

IX. WARRANTIES AND REMEDIES.

A. Warranties.

CMS hereby warrants that, when delivered, the EPHR System will perform in substantial accordance with the EPHR System Features listed on Appendix D.

B. Disclaimers.

EXCEPT AS WARRANTED IN SECTION A ABOVE AND EXCEPT AS OTHERWISE PROVIDED WITH RESPECT TO CERTAIN SERVICES UNDER THE SUPPORT SERVICES AGREEMENT, THE EPHR SYSTEM, THE LICENSED MATERIALS AND ALL SERVICES PROVIDED UNDER THIS AMENDMENT ARE PROVIDED "AS IS" AND CMS DISCLAIMS ANY AND ALL WARRANTIES OR CONDITIONS, EXPRESS, IMPLIED, ORAL OR WRITTEN, INCLUDING WITHOUT LIMITATION ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, REASONABLE CARE, AND/OR FITNESS FOR A PARTICULAR PURPOSE (WHETHER OR NOT CMS KNOWS OR HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), IN EACH INSTANCE WITH RESPECT TO THE EPHR SYSTEM, LICENSED MATERIALS, ANY SERVICES OR ANY PART OR ELEMENT THEREOF. CMS FURTHER DISCLAIMS ANY AND ALL WARRANTIES, CONDITIONS, AND/OR REPRESENTATIONS OF TITLE AND NON-INFRINGEMENT WITH RESPECT TO THE EPHR SYSTEM AND THE LICENSED MATERIALS.

No employee or agent of CMS is authorized to modify the disclaimers contained in the preceding paragraph of this Section or to make any warranties.

C. Limitations of Liability.

1. **Damages Limitation.** IN ALL EVENTS, CMS'S AGGREGATE LIABILITY TO MDOC FOR CLAIMS RELATING TO THE LICENSED MATERIALS AND/OR THIS AMENDMENT, WHETHER FOR BREACH OF CONTRACT OR IN TORT, SHALL BE LIMITED TO THE TOTAL AMOUNTS ACTUALLY PAID BY MDOC TO CMS UNDER THIS AMENDMENT. IN NO EVENT SHALL CMS BE LIABLE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE LICENSED MATERIALS AND/OR THIS AMENDMENT, EVEN IF CMS IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
2. **QSI Software.** CMS shall have no liability whatsoever with respect to the elements of the EPHR System licensed from QSI.

MICHIGAN DEPARTMENT OF CORRECTIONS

3. Allocation of Risk. The provisions of this Section IX represent a reasonable allocation of the risks under this Amendment. CMS's willingness to grant the license herein granted reflects this allocation of risk and the limitations of liability specified herein.

X. CONFIDENTIALITY AND NON-SOLICITATION.

- A. **Confidential Information.** The EPHR System, all Licensed Materials, the terms of this Amendment, and all materials labeled "confidential" by CMS shall be considered CMS's confidential and proprietary information ("Confidential Information"). MDOC agrees forever not to (1) disclose Confidential Information, or (2) use Confidential Information, in each instance other than for purposes expressly provided for in this Amendment. MDOC and its employees, independent contractors and agents shall not sell, license, publish, display, distribute, disclose or otherwise make available this information to any third party nor use such information except as authorized by CMS. MDOC shall not disclose any of the Confidential Information concerning the EPHR System, including but not limited to any flow charts, logic diagrams, user manuals and/or screens, to persons not an employee or agent of MDOC, without the prior written consent of CMS. MDOC shall cause its employees, independent contractors and agents, including, without limitation, any successor to CMS who provides health care information or related services to MDOC that in any way involve the use of the EPHR System, to agree to be bound by and comply with the provisions of the Article X.
- B. **Exclusions.** Notwithstanding the foregoing, Confidential Information which (1) is or becomes a part of the public domain through no direct or indirect act or omission of MDOC to which it is disclosed, or (2) lawfully and properly is disclosed to MDOC by a third party without restriction on disclosure, shall not, in such event, and then only to the extent, constitute, as applicable, Confidential Information and accordingly, the applicable provisions of this Article X shall not be applicable thereto. Notwithstanding anything herein to the contrary, MDOC may make disclosures of Confidential Information as required by a court order, provided that MDOC gives CMS notice of any such proceeding, uses reasonable efforts to limit disclosure and to obtain confidential treatment or a protective order, and has notified and allowed CMS to participate in the proceeding.
- C. **Non-Solicitation.** During the term of this Amendment and continuing for one (1) year thereafter, MDOC agrees not to hire, contract, or solicit the employment of any current or previous employee of CMS who has been involved with the EPHR System or its implementation or service under this Amendment, either directly or indirectly, without the prior written consent of CMS.

MICHIGAN DEPARTMENT OF CORRECTIONS

XI. MISCELLANEOUS PROVISIONS.

- A. Assignment.** This Amendment and the Licenses granted hereunder may not be assigned, transferred, pledged or hypothecated by MDOC, whether voluntarily or involuntarily, without the prior written consent of CMS. Subject to the foregoing, this Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, successors and permitted assigns.
- B. Headings, Defined Terms, Use of Terms.** Headings of articles and sections in this Amendment are for the convenience of the parties only. Accordingly, they shall not constitute a part of this Amendment when interpreting or enforcing this Amendment. All defined terms used in this Amendment shall be deemed to refer to the masculine, feminine, neuter, singular and/or plural, in each instance as the context and/or particular facts may require. Use of the terms "hereunder," "herein," "hereby," and similar terms refer to this Amendment.
- C. Appendices.** Each Appendix to this Amendment to which reference is made in this Amendment including Appendices A, B, C, D, and E is hereby incorporated in this Amendment as an integral part of this Amendment. In the event of a conflict between the terms and provisions of this Amendment, absent the Appendices, and any of the terms and provisions of any such Appendices or any amendments thereto then the terms of this Amendment, absent the Appendices, shall control.
- D. Authority.** CMS and MDOC hereby represent that they have full power and authority to enter into and perform this Amendment and CMS and MDOC do not know of any contract, agreement, promise or undertaking that would prevent the full execution and performance of this Amendment.
- E. Force Majeure.** Any delays or failures by either party hereto in the performance of the obligations hereunder shall be excused if and to the extent such delays or failures are caused by occurrences beyond such party's control, including, without limitation, acts of God, strikes or other labor disturbances, war, whether declared or not, sabotage, and/or any other similar cause that cannot reasonably be controlled by such party.
- F. Entirety.** This Amendment, including the Appendices, embodies the entire understanding between CMS and MDOC with respect to the EPHR System and there are no contracts (other than the Contract), understandings, conditions, or representations, oral or written, with reference to the subject matter hereof which are not merged herein. Except as otherwise specifically stated, no modification hereto shall be of any force or effect unless (a) reduced to writing and signed by both parties hereto, and (b) expressly referred to as being a modification of this Amendment.

MICHIGAN DEPARTMENT OF CORRECTIONS

- G. **Severability.** In the event any one or more of the provisions contained in this Amendment or any application thereof finally shall be declared by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions of this Amendment or any application thereof shall not in any way be affected or impaired, except that, in such an event, this Amendment shall be amended in such respects as are necessary to provide the party adversely affected by such declaration with the benefit of its expectation, such expectation being evidenced by the provision(s) affected by such declaration, to the maximum extent legally permitted. The parties hereto shall negotiate the terms of such amendment in good faith but, in the event they do not reach an agreement in that regard for any reason, the court in which the aforesaid declaration is made shall have the right to effectuate such amendment or, if that is not possible, provide the party adversely affected by such declaration with another appropriate remedy.
- H. **Michigan Information Technology (IT) Standards.** The state has adopted several Information Technology Standards for use on all IT projects. This policy is referenced in the document titled "DMB Administrative Guide Procedures 1300 Information Standards and Planning". Vendors may obtain a copy of this document by contacting the DMB Office of Information Technology Solutions. The State of Michigan IT Standards can be obtained from the DMB Chief Information Officer's web site at <http://www.state.mi.us/cio>.

The vendor shall use the State's IT Standards for implementation of all State of Michigan Information Technology (IT) projects. The requesting agency will provide the applicable documentation and internal agency processes for the IT Standards. If the vendor requires training on the IT Standards, those costs shall be the responsibility of the vendor, unless otherwise stated.

Under special circumstances vendors that are compelled to use alternative IT standards must submit an exception request to the Office of Information Technology Solutions for evaluation and approval of the alternate standard prior to proposal evaluation by the State. The vendor will be requested to demonstrate seamless integration into State IT standards, at the vendor's expense, prior to approval of an exception request.

Except as to the terms and conditions added by this Amendment, including the Appendices thereto, all of the terms and conditions of the Contract and any amendment thereto, are declared by the parties to be in full force and effect.

MICHIGAN DEPARTMENT OF CORRECTIONS

IN WITNESS THEREOF, the parties have set their hands and seals hereto as of the day and year first above written.

FOR THE VENDOR:
**CORRECTIONAL MEDICAL SERVICES,
INC.**

FOR THE STATE:

By _____
Michael G. Pfeiffer
Executive Vice President
Date: _____

By _____
Director of State Purchasing
Date: _____

(Seal)

(Seal)

MICHIGAN DEPARTMENT OF CORRECTIONS

Appendix A Software Support Services Agreement

This Software Support Services Agreement is referenced in and incorporated into the Amendment to The Managed Care Contract (#071B7000384) to add an Electronic Prisoner Health Record System to the Agreement between Correctional Medical Services, Inc. (CMS) and the State of Michigan for services to the Michigan Department of Corrections ("MDOC") and applies to CMS's Electronic Prisoner Healthcare Record System (the "EPHR System"/Serapis®) more specifically described in the Amendment.

1. Coverage

CMS shall provide MDOC with the services for the EPHR System set out in this Support Services Agreement (Support Services) for the facilities set forth in Appendix E in consideration of MDOC's payment of the applicable Support Services fees to CMS. Only designated MDOC employees may contact CMS for the provision of Support Services. MDOC, with the written approval of CMS, may acquire Support Services for additional MDOC facilities and Providers by paying to CMS the applicable license fee with respect to such additional Providers as well as the annual Support Services fee.

2. EPHR System Maintenance

The following technical and functional improvements will be issued periodically by CMS to MDOC to improve EPHR System operations (such improvements shall be delivered or otherwise made available to MDOC no later than thirty (30) days after their general availability to CMS's customer base):

- Fixes to Errors;
- Updates; and
- Minor enhancements.

3. Priority Level of Errors

Upon notice of a potential Error from MDOC, CMS and MDOC shall reasonably determine whether such potential Error is an Error and the priority level of such Error and shall thereafter address each Error in accordance with the following protocols:

Priority A:

Within one business day CMS initiates the following procedures: (1) assign CMS specialist(s) to correct the Error; (2) provide ongoing communication on the status of the correction; and (3) begin to provide a Workaround or a Fix.

Priority B:

(1) Within two business days CMS assigns a specialist to commence correction of Error; and (2) provide escalation procedures as reasonably determined by CMS support staff. CMS exercises all commercially reasonable efforts to include the Fix for the Error in the next EPHR System maintenance release.

Priority C:

CMS may include the Fix for the Error in the next major EPHR System release which is generally every six months.

4. Support Method

CMS shall provide telephone, email or web-based support concerning installation and use of the EPHR System. Standard telephone support hours are Monday through Friday, 7:00 a.m. to 4:00pm, Central Time. Support is available 24-hours a day, 7-days a week to resolve critical production problems outside of standard support hours.

MICHIGAN DEPARTMENT OF CORRECTIONS

5. MDOC's Obligations

MDOC will maintain adequate support personnel and resources to provide, and will so provide, support by qualified personnel to the Authorized Users of the EPHR System, providing assistance to such Authorized Users including instruction, basic troubleshooting, problem determination and problem resolution. MDOC will provide initial screening of support issues to determine whether the problem is related to the EPHR System. Only issues relating to the EPHR System will be forwarded to be addressed by CMS. All support issues determined by CMS not to be related to the EPHR System (including, without limitation, those issues relating to items set out in Article V of the Amendment) shall be handled by MDOC's support personnel.

6. Fees

The initial period of Support Services for MDOC shall run from the Effective Date through March 30, 2003 and the cost of the Support Services for the initial period is included in the Purchase Price. Support Services fees after the Initial Period shall be paid annually in advance in accordance with CMS's then-current fee schedule. To receive services that exceed the terms set out in this Support Services Agreement, MDOC agrees to pay CMS's then-current rates for such services, including associated reasonable travel and living expenses for on-site activity.

Support Services fees after the initial period shall be paid within thirty days of invoice from CMS. Interest on late payments more than 15 days past due shall be the lesser of 1.5% per month or the maximum amount permitted by law and shall accrue as of the due date for such payment. In addition, past due payments may result in the termination of this Support Services Agreement. MDOC agrees to keep current the Support Services Agreement during the Term of the Contract and any extensions.

7. Exclusions

CMS shall have no obligation to support:

- a) Altered, damaged or substantially modified software comprising the EPHR System unless altered, damaged or substantially modified by, or under the written direction of, CMS;
- b) EPHR System software that is not the then-current release, or a Previous Sequential Release;
- c) Errors caused by MDOC's negligence, hardware malfunction, or other causes beyond the reasonable control of CMS;
- d) The EPHR System if it is installed in a hardware, network or operating environment not supported by CMS;
- e) Third party software not licensed through CMS and any hardware or network support services; and
- f) Any hardware or LAN/WAN issues, as well as any infrastructure issues.

MDOC acknowledges and agrees that MDOC, under the terms of the Amendment, is obligated to purchase and implement the hardware and third party software required for the use of the EPHR System independently. MDOC acknowledges and agrees that (a) CMS makes no representation and provides no warranty with respect to any hardware or third-party software, including, without limitation, software comprising the EPHR System licensed from QSI, and (b) any support or maintenance services related to problems or issues dealing with MDOC-provided hardware or third-party software are outside the scope of the Support Services Agreement. MDOC agrees to obtain CMS' best-effort confirmation that the configuration of any hardware or third party software obtained by MDOC will be compatible with the EPHR System prior to implementing such configuration.

MICHIGAN DEPARTMENT OF CORRECTIONS

8. Limitation of Liability

IN ALL EVENTS, CMS's AGGREGATE LIABILITY TO MDOC FOR CLAIMS RELATING TO THE SUPPORT SERVICES AGREEMENT, WHETHER FOR BREACH OF CONTRACT OR IN TORT, SHALL BE LIMITED TO THE DISCOUNTED AMOUNTS ACTUALLY PAID BY MDOC TO CMS FOR SUPPORT SERVICES. IN NO EVENT SHALL CMS BE LIABLE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE SUPPORT SERVICES AGREEMENT, EVEN IF CMS IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. General

All Enhancements, Updates, Fixes and Workarounds provided to MDOC are subject to the terms and conditions of this Support Services Agreement.

10. Definitions

Unless otherwise defined herein, capitalized terms used herein shall have the same meaning as set forth in the Amendment. The following terms as used in this Agreement or in the Amendment shall have the following meanings:

"Enhancement" means technical or functional additions to the EPHR System to improve EPHR System functionality and/or operations. Enhancements are delivered with new releases of the EPHR System.

"Error" means a malfunction in the EPHR System that degrades the use of the EPHR System.

"Fix" means the repair or replacement of source or object or executable code versions of the EPHR System to remedy an Error.

"Previous Sequential Release" means a release of EPHR System for use in a particular operating environment which has been replaced by a subsequent release of the EPHR System in the same operating environment. A Previous Sequential Release will be supported by CMS for a period of six (6) months after release of the subsequent release.

"Priority A" means an Error that: (1) renders the EPHR System inoperative; or (2) causes the EPHR System to fail catastrophically.

"Priority B" means an error that affects performance of the EPHR System, but does not prohibit MDOC's use of the EPHR System.

"Priority C" means (a) an Error that causes only a minor impact on the use of the EPHR System, and (b) any other Errors that are not Priority A or Priority B.

"Update" means all published revisions to the Documentation and one (1) copy of the new release of the EPHR System which are not designated by CMS as new products for which it charges separately.

"Workaround" means a change in the procedures followed or data supplied, to avoid an Error without significantly impairing performance of the EPHR System.

MICHIGAN DEPARTMENT OF CORRECTIONS

APPENDIX B PROJECT COSTS

	Pilot Project (5 Facilities)		Statewide Rollout Contract Totals (62 Facilities)	
Base System Implementation (Includes)		\$175,000		\$2,415,500
Licenses			State Total	
Serapis® (@ \$1,500/license)	10	\$15,000	163	\$244,500
Medical (@ \$6,000/License)	10	\$60,000	163	\$978,000
Scheduling (@ \$4,000/license)	10	\$40,000	163	\$652,000
Dental (@ \$4,000/license)	1	\$4,000	55	\$220,000
** 3 rd Party Software				
Interfaces				
Inmate Tracking		\$25,000		\$25,000
Lab		\$20,000		\$20,000
Radiology Results Reporting		\$15,000		\$15,000
Customization		\$350,000		
Subtotal-Project Costs		<u>\$704,000</u>		<u>\$4,570,000</u>
Software Support Services				
Serapis®	10	\$48,000	163	\$1,098,000
Medical	10		163	
Scheduling	10		163	
Dental	1		55	
24x7 Support Upgrade		\$120,000		
Subtotal-Support		<u>\$168,000</u>		<u>\$1,098,000</u>
 On-site Technical Resources				 \$180,000
Discounts:				
Base system				
Licenses:				
Medical		(\$60,000)		(\$978,000)
Scheduling		(\$40,000)		(\$652,000)
Dental		(\$4,000)		(\$220,000)
Customization				
Software Support Services		(\$168,000)		(\$1,098,000)
Subtotal-Discounts		<u>(\$272,000)</u>		<u>(\$2,948,000)</u>
Net Contract Cost		\$600,000		\$2,900,000
Credit for Pilot				<u>(\$600,000)</u>
Contract Cost for Component*		<u>\$600,000</u>		<u>\$2,300,000</u>

- This discounted price includes all services and software on this proposal.
- ** 3rd Party Software licenses include the following;
 - (1) MS SQL Server + (200) client access
 - (1) MS Exchange Server + (100) client access
 - (1) Citrix Server license + (400) ICA client
 - (1) Crystal Reports Professional, (1) Carbon Copy 32 (server and remote)

MICHIGAN DEPARTMENT OF CORRECTIONS

APPENDIX C

PAYMENT SCHEDULE

MDOC agrees to pay CMS the Purchase Price according to the following payment schedule, on the condition that the corresponding milestones have been met, subject to the terms and conditions of Article VII of the Amendment. In addition to all charges specified in this Appendix C, MDOC shall pay for all federal, state, local or other taxes not based on CMS's net income or net worth, including, but not limited to, sales, use, privilege and property taxes, or amounts levied in lieu thereof, based on charges payable under this Appendix C or based on the Licensed Materials, their use or any services performed hereunder, whether such taxes are now or hereafter imposed under the authority of any federal, state, local or other taxing jurisdiction; in lieu thereof, MDOC shall provide a valid exemption certificate to CMS and the appropriate taxing authorities.

Milestone	Payment
Amendment to Managed Care Contract (#071B7000384) becomes effective (Effective Date).	\$300,000
Completion of CMS' responsibility under Section IV Item F of the Amendment regarding Delivery and Installation of EPHR System on MDOC servers	\$300,000
Completion of CMS' responsibility to deliver documentation and activate Serapis [®] licenses for 2 of the 5 Initial Implementation Sites.	\$150,000
Completion of CMS' responsibility to deliver documentation and activate licenses for all 5 of the Initial Implementation sites.	\$150,000
Completion of Acceptance Testing pursuant to Section III – Item 8-A of the Amendment.	\$1,100,000
Completion of CMS' responsibility to deliver documentation and activate Serapis [®] Provider licenses for all facilities in Region III.	\$300,000
Completion of CMS' responsibility to deliver documentation and activate Serapis [®] Provider licenses for all facilities in Region II.	\$300,000
Completion of CMS' responsibility to deliver documentation and activate Serapis [®] Provider licenses for all facilities in Region I and delivery of all deliverables pursuant to section III of the Amendment.	\$300,000
Total	\$2,900,000

*Payment shall not be withheld if either the Initial or Full Implementation is delayed due to MDOC's failure to fulfill its responsibilities under the Amendment, including purchase and installation of hardware necessary to accommodate the EPHR system.

MICHIGAN DEPARTMENT OF CORRECTIONS

Appendix D

EPHR System Features

The EPHR System provided by CMS shall perform substantially in accordance with the features and functionalities listed below.

A. General

The EPHR System supports:

1. Capturing detailed patient information including demographics, problem lists, health assessments, and test results.
2. Capturing health screening of patients.
3. Providing alerts for identifying potentially chronically ill patients during the health screening process.
4. Providing reminders for appointments, test preparations and test results.
5. Providing appointment scheduling of patients with nurses/physicians/psychologists/dentists.
6. Capturing baseline data relevant to a specific disease.
7. Capturing disease specific flow sheet data and generate Subjective, Objective, Assessment, Plan("SOAP") notes during patient encounters with a healthcare provider.
8. Generating printed summary sheets for all encounters for a single patient as well as groups of patients, or all patients in the system.

B. Functionality

The EPHR System supports:

1. Printing forms and reports, including system data elements as well as aggregates on the reports, through a third party reporting package.
2. Printing reports based on data elements such as encounter, date range or provider.
3. Printing a patient's complete chart (such as date, time, provider, provider type, patient name, date of birth, id #, encounter, medication, order information, etc.)
4. Making specific fields a required entry (i.e. the record may not be saved until those fields are completed)
5. Allowing setting of reminders and alerts.
6. Generating electronic orders for medications.
7. Receiving lab results electronically, link them to the correct patient, and graph trends on numeric data elements.
8. Supporting one patient having multiple chronic care diseases by allowing providers to perform multiple severity level assessments and assigning multiple treatment plans and associated flow sheets.
9. "Locking" an encounter to prevent editing, both manually as well as via preset time frames.
10. Attaching an addendum to any "locked" visit.
11. Providing triggers on data elements using Boolean operators and/or logic branching.

MICHIGAN DEPARTMENT OF CORRECTIONS

12. Archiving medical records, as well as restoring that data in a fully functional state at a later date.
13. Merging patient records that are duplicates based on Inmate ID, or some other unique identifier, into one comprehensive medical record containing the UNION of the data in both previous records.
14. Storing and display images using one or more standard formats (e.g., .bmp, .gif, .jpg, .tif, etc.)
15. Providing patient search by name, account #, DOB, and SSN.
16. Providing simplified patient look-ups by using selection criteria. (e.g. patient look-ups listed by last name).
17. Providing email capability, including workflow processing via email, and handling attachments; is able to send, forward, reply, and cc: to multiple other users.
18. Displaying outstanding orders for a patient in order screens, as well as in all chronic care treatment plans, to reduce duplicate ordering.
19. Providing a patient overview feature facilitating a single-screen summary of information about the patient in the following categories: vital signs/chronic disease test results, allergies, procedures, problems/diagnoses, and medications.
20. Providing electronic signatures for system users.

C. Health Screening

The EPHR System supports:

1. Allowing use of health screens with branching logic and flow control.
2. Incorporating health-screening screens for required data elements.
3. Pop-up windows and variations of questions based on previous answers.
4. Recording the initial health screen record and subsequent changes tracked by the system user.

D. History and Physical

The EPHR System supports:

1. Transferring relevant data from forms in which the data is first captured (i.e. entered) to other forms where that same data is displayed.
2. Providing an immunization screen to track dates immunizations have been given, any reaction to the immunization; also provides history of any infectious disease.

E. Clinical Pathways

The EPHR System supports:

1. Including clinical pathways for chronic diseases as a stock component of the delivered system (i.e. these pathways are pre-built for Asthma, Diabetes, HIV/AIDS, Hypertension, Seizures and TB Prophylaxis).
2. Provide capability to set up and modify criteria for determining level of severity for specific diseases (these capabilities exist for Asthma, Diabetes, HIV/AIDS and Hypertension)
3. Suggest a severity level based on the defined clinical pathway and clinical data (these capabilities exist for Asthma, Diabetes, HIV/AIDS and Hypertension).
4. Allowing a provider to override the clinical pathway or treatment plan.

MICHIGAN DEPARTMENT OF CORRECTIONS

5. Providing sign-off capability for system users providing the care.
6. Providing an approval mechanism for requesting and receiving approval for non-formulary orders.
7. Allowing access to patient's medical record, orders etc. from facility to facility within MDOC system, for users with sufficient security to access the record.
8. Providing a method to enter medical procedures that have been completed with a patient.
9. Allowing the provider to assign diagnoses to the patient, including onset dates and resolution dates.
10. Enabling the physician to navigate clinical pathways to help decide severity levels and treatment plans after the physician renders a diagnosis.

F. Medication Module

The Medication Module supports:

1. Tracking medication prescriptions for each patient.
2. Collecting orders that consist of a date/time stamp, provider code, user code, medication, location, dose, form, route, sig, start date, stop date, quantity, refills, provider, renewal and status indicator.
3. Displaying a screen that lists orders per patient in date order.
4. Activate an order automatically when medications are recorded.
5. Allowing for cross-referencing between generic and brand drugs.
6. Providing drug interaction checking along with information about interaction details.
7. Linking drug allergies to the medication module so that, if a medication is prescribed that poses a potential drug allergy conflict, the provider is alerted of the allergy and asked to confirm the prescription.
8. Medication formularies and distinguishes each drug as formulary or non-formulary.
9. Allowing medication search by payor (allowing for a specific formulary listing to appear), by diagnoses (for a set of diagnoses relating to the chronic diseases identified), and by provider.
10. Providing drug education materials for both staff and inmates.
11. Providing the capability for medication renewals.
12. Providing each prescriber the ability to create a custom list of medications tailored to their individual needs and linked to their login (i.e. not available to other prescribers).

G. Nursing Protocols

The EPHR System supports:

1. Providing approximately 40 CMS nursing protocols for sick call as a pre-built component of the system.
2. Capturing problem specific flow sheet data and generate SOAP (Subjective, Objective, Assessment and Plan) notes during patient encounter with a nurse.
3. Providing ability to capture vital signs in encounter screen.
4. Providing capability to recommend physician referral based on protocol's subjective or objective results.
5. Providing patient education documents.
6. Providing capability to print a visit summary.
7. Providing ability to note nurse protocol completion if no physician referral is necessary

MICHIGAN DEPARTMENT OF CORRECTIONS

H. Education

The EPHR System supports:

1. Storing and retrieving educational materials for a patient by disease so the provider can easily access and print the information.

I. Chronic Care Encounters

The EPHR System supports:

1. Providing the nurse or physician access to previous information captured in the EPHR System on the patient, including original health screening and history & physical data, during visits for chronic care clinics.
2. Allowing provider to add to the flow sheet and generate new SOAP notes for the visit utilizing clinical pathways as described above.
3. Using clinical pathway information to suggest severity levels based on objective data and suggest plan options based on the severity. (these capabilities exist for Asthma, Diabetes, HIV/AIDS and Hypertension)
4. Detecting a change in severity level using the flow sheet and clinical pathway and suggest a new severity level if appropriate. (these capabilities exist for Asthma, Diabetes, HIV/AIDS and Hypertension)
5. Recording the referral of a patient to a specialist within the EPHR System.
6. Recording each health encounter and assists to identify whether a patient may have a chronic disease.

J. Appointment Scheduling Module

The Appointment Scheduling Module supports:

1. Allowing viewing and scheduling of appointments.
2. Generating customizable reports, such as statistical reports, utilization reports, reminders and correspondence using a third party report writer. CMS will provide one (1) copy of Crystal Reports, and train a MDOC employee on usage of the CMS provided reports.
3. Providing schedules that support weekly/daily templates, categories, events, and resources.
4. Allowing provider view by day, week, month, or year.
5. Providing unlimited over-bookings.
6. Allowing adjustable time increments.
7. Providing appointment conflict checking.
8. Providing the ability to search ahead for schedule availability.

K. Dental Module

The Dental Module supports:

1. Creating a variety of customized documents and reports.
2. Providing a graphical interface which eliminates duplicate data entry.
3. Providing graphical tooth charting and treatment planning to improve chart accuracy and support increased productivity.

MICHIGAN DEPARTMENT OF CORRECTIONS

4. Providing an on-line patient dental history, displaying procedures and provider notes.
5. Displaying complete tooth history by clicking on the graphic display of a particular tooth directly from the chart.
6. Storing provider notes as a separate line item in a patient dental history file.
7. Allowing use of client-defined colors to categorize text notes, such as medical alerts, conditions to monitor closely, or provider-specific comments.
8. Providing customizable Quick Pick buttons for procedural and diagnostic entry.
9. Providing specialty-specific charting for ortho, perio, endo, oral surgery and others.
10. Providing PSR Scoring.
11. Providing patient progress and visit comparison graphs.

L. Information Access and Reports

If a third party report writer is used the EPHR System supports:

1. Aggregates of patients past due for a visit(s) or medication(s).
2. Generating reports based on clinical and administrative data in the database.
3. Providing the end user the capability to create and save reusable report definitions.
4. Grouping patients according to disease, diagnosis, etc.
5. Reporting on patient history, medications, chronic care visits, etc.
6. Reporting on types of chronic care visits, number of visits per chronic care and progress of severity level of patients in chronic care.
7. Trending outcomes of patients in chronic care.
8. Tracking patients needing offsite care by a specialty provider.
9. Providing aggregate reports by providers

M. System Architecture/Technology Requirements

The EPHR System architecture:

1. Supports industry standard hardware (i.e. Intel Pentium based systems).
2. Supports industry standard thin client systems (i.e., Wyse, etc.)
3. Supports industry standard operating systems (i.e. Windows 95/98/NT/2000 Workstation on the client and NT on the server). The NT servers will function within a Novell environment.
4. Uses industry standard network infrastructures (i.e. Ethernet, TCP/IP).
5. Provides centralized system model, client/server architecture, with support for thin-client implementations.
6. Provides as a Database Microsoft SQL Server, an ODBC compliant RDBMS (Relational DataBase Management System).
7. Provides fully scalable 32-bit architecture based on industry standards.

N. User interface

1. Both the client and server pieces are certified for use with Win95(c)/93/WinNT(c)
2. The EPHR employs an efficient and intuitive design using Microsoft Windows(c) metaphors and standards.
3. The product supports and utilizes Windows MDI (Multiple Document Interface).

O. Data

MICHIGAN DEPARTMENT OF CORRECTIONS

The EPHR System supports:

1. Capturing of discrete data elements for statistical reporting, graphing and trending, outcome analysis, order tracking and medication orders.

P. Integration with Other Systems

The EPHR System supports:

1. Including standard ODBC-compliant interfaces.
2. An HL7 interface to an external Lab to receive results. This will be Garcia Labs in Michigan.

Q. Workflow Automation

The EPHR System supports:

1. Providing a Lab Results approval notification screen.
2. Providing a notification subsystem to allow e-mailing of tasks and results.

R. Setup and Administration

The EPHR System supports:

1. Provide some form of remote connectivity which allows CMS acceptable bandwidth and access to facilitate remote diagnostics, monitoring, and upgrading of the system. The form will be one that is acceptable to MDOC and agreed to by MDOC and CMS
2. Providing centralized setup and administration to ensure customization occurs in a consistent way across an organization.

S. Security

The EPHR System supports:

1. Incorporating user-Level security.
2. Incorporating screen template security.
3. Providing, in addition to the above, database security.
4. Providing, in addition to the above, network level security.

MICHIGAN DEPARTMENT OF CORRECTIONS

Appendix E Michigan Department of Corrections Sites

Adrian Temporary Facility (ATF); Adrian, MI
Alger Maximum Correctional Facility (LMF); Munising, MI
Baraga Maximum Correctional Facility (AMF); Baraga, MI
Brooks Correctional Facility (LRF); Muskegon Heights, MI
Carson City Correctional Facility (DRF); Carson City, MI
Carson City Temporary Facility (OTF); Carson City, MI
Chippewa Correctional Facility (URF); Kincheloe, MI
Chippewa Temporary Correctional Facility (KTF); Kincheloe, MI
Cooper Street Correctional Facility (JCS); Jackson, MI
G. Robert Cotton Correctional Facility (JCF); Jackson, MI
Crane Women's Facility (ACF); Coldwater, MI
Egeler Correctional Facility (SMN); Jackson, MI
Gus Harrison Correctional Facility (ARF); Adrian, MI
Michigan Training Unit (MTU); Ionia, MI
Hiawatha Correctional Facility (HTF); Kincheloe, MI
Huron Valley Center (HVC); Ypsilanti, MI
Huron Valley Men's Facility (HVM); Ypsilanti, MI
Huron Valley Female Center (HVF); Ypsilanti, MI
Ionia Maximum Correctional Facility (ICF); Ionia, MI
Ionia Temporary Facility (ITF); Ionia, MI
Kinross Correctional Facility (KCF); Kincheloe, MI
Lakeland Correctional Facility (LCF); Coldwater, MI
Macomb Correctional Facility (MRF); New Haven, MI
Marquette Branch Prison (MBP); Marquette, MI
Michigan Reformatory (RMI); Ionia, MI
Mid-Michigan Temporary Facility (STF); St. Louis, MI
Mound Correctional Facility (NRF); Detroit, MI
Muskegon Correctional Facility (MCF); Muskegon, MI
Muskegon Temporary Facility (MTF); Muskegon, MI
Newberry Correctional Facility (NCF); Newberry, MI
Oaks Correctional Facility (ECF); Eastlake, MI
Ojibway Correctional Facility, Marenesco, MI
Parnall Correctional Facility (SMT); Jackson, MI
Puglsey Correctional Facility, Kingsley, MI
Riverside Correctional Facility (RCF); Ionia, MI
Ryan Correctional Facility (RRF); Detroit, MI
Saginaw Correctional Facility (SRF); Freeland, MI
Scott Correctional Facility (SCF); Plymouth, MI (Initial Implementation)
Southern Michigan Correctional Facility (JMF); Jackson, MI
Standish Maximum Correctional Facility (SMF); Standish, MI
State Prison of Southern Michigan Central Complex (SMI); Jackson, MI
Thumb Correctional Facility (TCF); Lapeer, MI
Western Wayne Correctional Facility (WCF); Plymouth, MI (Initial Implementation)
Reception & Guidance Center (RGC); Jackson, MI
Riverside Reception Center (RRC); Ionia, MI
Pine River Correctional Facility (SPR); St. Louis, MI
St. Louis Correctional Facility (SLF); St. Louis, MI

MICHIGAN DEPARTMENT OF CORRECTIONS

Duane L. Waters Hospital Emergency Room and Specialty Clinics, Jackson, MI (Initial Implementation)

Central Office, MDOC, Lansing, MI (Initial Implementation)

CMS Okemos Office (Initial Implementation – CMS expense)

Camp Branch (CDW); Coldwater, MI (Initial Implementation OR CAMP BRIGHTON IF FEMALES MOVE PRIOR TO IMPLEMENTATION)

Camp Brighton, Pinckney, MI

Camp Cusino, Shingleton, MI

Camp Kitwen, Painesdale, MI

Camp Koehler, Kincheloe, MI

Camp Lehman, Grayling, MI

Camp Manistique, Manistique, MI

Camp Ottawa, Iron River, MI

Camp Pellston, Pellston, MI

Camp Sauble, Freesoil, MI

Camp Tuscola, Caro, MI

Camp Waterloo, Grass Lake, MI

Camp Cassidy Lake (SAI), Chelsea, MI

MICHIGAN DEPARTMENT OF CORRECTIONS

Appendix F SYSTEM REQUIREMENTS

System requirements for a Prisoner Health Information System were developed by the EPHR Steering Committee. Although the existing requirements list is very comprehensive in nature, it is conceivable that additional requirements will be identified during systems development due to community standard changes and identification of additional needs.

The requirements for a new automated health information system have been categorized as:

Critical (C) or highly desirable (H)
High priority (1), medium priority (2) or low priority (3)
Requirement currently Exists (Y) or is non-existent (N).

1. General Requirements

NUMBER	SYSTEM REQUIREMENTS - GENERAL	PRIORITY	EXISTS
1.	A single integrated package containing medical, dental, nursing and mental health.	C	Y
2.	All information (other than brief narrative clarifying comments) stored as data (e.g. vital signs and other important patient information must be stored as data and not hidden in comment text fields that are not data).	C	Y
3.	The ability to develop and edit a list of narrative/user text strings that can be used to fill in predefined entries for a specific data field (e.g., C.C.C., AHS). The list may be maintained as a central list with the ability for central office to append to the list to satisfy needs.	C	Y
4.	Provide spell checking as needed wherever text is entered. <i>Comments: The use of picklists throughout the system minimizes spelling errors. In free-form text fields, however, the database does not have the capability of providing a spell checking engine. Text could be pasted into a word processor with that capability, then pasted into text fields if desired.</i>	H3	N
5.	Provide a spell checker library which has the capability of adding specific words relevant to the agency. <i>Comments: See #4 above.</i>	H3	N
6.	Ability to link fields on forms to information within the database which will be printed out as needed (e.g., fields on a medical form can be pre-filled with prisoner data from the database).	C	Y
7.	Provide support for drop-menus as needed for fields throughout the system.	C	Y
8.	Ability to toggle screen icons from graphics to words.	H2	Y
9.	Ability to use a keyboard and mouse for all functions.	C	Y
10.	Ability to have multiple copies of the same screen open at the same time on the different terminals.	C	Y
11.	Incorporate the use of accommodations technology such as voice input, short-cut keys and other mechanisms to simplify direct user interface with the application to meet the American with Disabilities Act requirements. <i>Comments: This is accomplished through the Microsoft Windows operating system.</i>	C	Y

MICHIGAN DEPARTMENT OF CORRECTIONS

12.	Access to, or updating of, the information stored on the computer should be restricted through use of a password security system at the terminal, operator, application and program levels.	C	Y
13.	Access can be limited to "inquiry only" at the designated levels.	C	Y
14.	Allows for screens which can be printed at any time with proper authorization.	C	Y
15.	Passwords unique to each individual; the capability for authorized personnel to periodically change them should be provided.	C	Y
16.	Provides the ability to allow the user to enter information directly into a computer display terminal with pre-formatted screens.	C	Y
17.	All informational data elements tracked must be maintained in an integrated database to allow efficient data sharing and customized report writing.	C	Y
18.	Provides a set of standard inquiry/reports. User can select a inquiry/report from a menu and add customized inquiries/reports to the menu or generate customized queries/reports from a PC accessing the database.	C	Y
19.	Allows user to easily develop customized inquiries/reports.	C	Y
20.	Provides the ability to input, store, and report on at least 18 months of information "on-line".	C	Y
21.	Provides the ability to maintain all patient records in an historical database, easily accessible for at least 7 years (including the 18 months of on-line data).	C	Y
22.	Performs error checking to verify the quality and accuracy of the information being entered.	C	Y
23.	Incorporates both menu-driven and direct access to screens.	C	Y
24.	Provides on-line help at the field, screen and system level. <i>Comments: Serapis will provide on-line help at the screen and system level, but context-sensitive help at the field level is not currently available.</i>	C	Y
25.	Interface capability with word processing, spreadsheet relational database software for downloading and uploading information providing unique data manipulation purposes.	C	Y
26.	Control of data entry to ensure user enters data into all required fields on the screen. The system should clearly indicate what fields are required versus optional.	C	Y
27.	On-line tutorial to assist users in learning the software.	HL	Y
28.	All transaction processing including file maintenance and transaction entry can be handled in an on-line, real time processing mode.	C	Y
29.	All application modules incorporate a method for adding data records on-line in real time. All related data fields are automatically updated. Batch purging of inactive history is accommodated.	C	Y
30.	All file-changes are recorded in a detailed permanent audit trail.	C	Y
31.	The software is capable of simultaneous multiple program execution to the extent necessary to support the real-time communications requirements of the applications in addition to batch processing (sorts, file backup, etc.) activities. The system should be easy to operate with comprehensive error detection and restart capabilities (same program).	C	Y
32.	The communications environment is capable of supporting interactive file maintenance, inquiry, and ad hoc reporting. The network structure should be easily modified (line activation/deactivation) by the system operator with minimal impact on the rest of the system. Network monitoring data should be readily available (line status, errors, etc.) from the system console. <i>Comments: This is accomplished through the Microsoft Windows operating system, as well as other off-the-shelf tools, and is the</i>	C	Y

MICHIGAN DEPARTMENT OF CORRECTIONS

	<i>responsibility of the Michigan MIS department.</i>		
33.	An industry standard, high-level version of a programming language is required for applications.	C	Y
34.	The proposed language facilitates the following practices: <input type="checkbox"/> External definition of file/record specifications <input type="checkbox"/> Descriptive, easily understood data label and paragraph or routine tags <input type="checkbox"/> Extensive, easy-to-read documentation <input type="checkbox"/> Modular and structured programming	C	Y
35.	The software is sufficiently designed and configured to provide the interactive terminal user an average response time of not more than two seconds. Response time is not to exceed five seconds for more than five percent of the total on-line responses on any calendar day. (Response time is defined as the period of time between the operator's entry of a transaction at the terminal, and the processor's response of the completed activity back to the terminal operator.) <i>Comments: The response time of the system is largely dependent upon the hardware and infrastructure (computers and network equipment used). These items are the responsibility of the Michigan MIS department. The software itself is built on and uses an industry standard and highly scalable architecture.</i>	C	Y
36.	The system includes various utilities to facilitate file maintenance, data manipulation, and backup/recovery. These may include, but are not limited to, sorts, file generators, and file-to-file copying utilities.	C	Y
37.	All software is accompanied by sufficient documentation to enable comprehensive understanding of its internal structure and operating procedures. Documentation is well-structured, easy to read, supported with numerous illustrations, and well-indexed. The documentation includes the following: <input type="checkbox"/> Inter-relationships of modules <input type="checkbox"/> General systems descriptions, flowcharts, and examples <input type="checkbox"/> Report layouts and examples <input type="checkbox"/> File layouts <input type="checkbox"/> Visual display terminal layouts <input type="checkbox"/> Consistent coding and numbering schemes <input type="checkbox"/> Processing rules <input type="checkbox"/> User operating instructions <input type="checkbox"/> Hardware/operating system management <input type="checkbox"/> Error messages	C	Y
38.	The software is capable of logging all on-line input and providing the ability to recover the data files to the point of the last transaction in the event of a programming or system failure. This process should minimize user involvement.	C	Y
39.	System includes an integrated Custom Report Writer with the following features: <input type="checkbox"/> Report Writer capability with file organization structure consistent between all application modules <input type="checkbox"/> Flexible report formatting capabilities <input type="checkbox"/> Ability to select records based on value(s) of specified data fields <input type="checkbox"/> Ability to retrieve information from multiple files <input type="checkbox"/> Ability to produce reports in user-defined formats <input type="checkbox"/> Ability to specify desired subtotal breaks and totaling fields	C	Y

MICHIGAN DEPARTMENT OF CORRECTIONS

	<input type="checkbox"/> Ability to obtain reports in different sort sequences <input type="checkbox"/> Ability to reuse previously defined reporting specifications, and rerun reports with newly updated data files. <input type="checkbox"/> Ability to calculate percentages <input type="checkbox"/> Ability to calculate averages <input type="checkbox"/> Ability to search, sort, and retrieve records from any number of specified data fields, in any number of filed <input type="checkbox"/> Various statistical procedures are available		
40.	<input type="checkbox"/> Ability to make minor alterations to previously defined reporting specifications <input type="checkbox"/> "What if" analysis capability <input type="checkbox"/> Redefined column layouts available <input type="checkbox"/> Ability to set up menus of created reports for easy access and printing <input type="checkbox"/> Option available to send report to the terminal or to the printer <input type="checkbox"/> Menu-driven screens must be standard <input type="checkbox"/> On-line "help" functions available <input type="checkbox"/> Sequentially numbered pages and reports <input type="checkbox"/> Shows current date and reports "as of" date <input type="checkbox"/> Data fields include commas, decimal points, dollar signs, +/- signs, etc. and are right or left justified as appropriate	C	Y
41.	Capability to spool print files and reprint as required.	C	Y
42.	Capability to reprint reports with restart capability when reports being printed are interrupted.	C	Y
43.	Program source code provided which will be owned by the agency. <i>Comments: The QSI source code is held in escrow. Should QSI become insolvent, or cease business activities, CMS would have access to the source code. In addition the source code for Serapis is held by CMS and would, under similar circumstances, be made available to MDOC.</i>	C	N
44.	Capability for user to specify which printer will print a specific report.	C	Y
45.	Capability to print screen contents (format and data) of each display.	HI	Y
46.	Capability to display the contents of a specific report on the display.	HI	Y
47.	Supports six-character numerical field and one alpha for master record identification.	C	Y
48.	Capability to have data entry fields automatically default to a specific value (e.g., date fields should default).	C	Y
	Year 2000 Standards		Y
49.	The Bidder warrants that all software for which the Bidder either sells or licenses to CLIENT and used by CLIENT prior to, during or after the calendar year 2000, includes or shall include, at no added cost to CLIENT, design and performance so CLIENT shall not experience software abnormality and/or generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the CLIENT. The software design, to insure year 2000 compatibility, shall include, but is not limited to: date structures (databases, data files, etc.) that provide 40-digit date century; stored data that contain date century recognition, including, but not limited to, date stored in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and dates values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any CLIENT	C	Y

MICHIGAN DEPARTMENT OF CORRECTIONS

	system; user interfaces (i.e., screens, reports, etc.) that accurately show 4-digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic. Notes: The term "software" within the above contract language may be replaced with more appropriate terminology, such as "computerized device(s)" or "computer systems software", as the situation warrants.		
50.	Data structures (databases, data files, etc.) are to provide 4-digit date century recognition. The standard format for date fields shall either be "YYYYMMDD" or "DDMMYYYY". Database management systems that control the format for "date" must be able to represent date fields in the standard format.	C	Y
51.	Stored data shall contain date century recognition, including, but not limited to, data stored in databases and hardware device internal system dates.	C	Y
52.	Calculation and program logic shall accommodate both same century and multi-century formulas and date values. Calculations and logic include, but are not limited to, sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values.	C	Y
53.	Interfaces (to and from other systems) must prevent non-compliant dates and data from entering the system.	C	Y
54.	User interfaces (i.e., screens, reports, etc.) shall accurately show 4 digit years.	C	Y
55.	Year 2000 must be correctly treated as a leap year within all calculation and calendar logic.	C	Y
56.	Consistent use of command keys and screen layouts.	C	Y
57.	Table maintenance facility to allow the BHCS to maintain own codes.	C	Y
58.	Archival and restoration capabilities are provided.	C	Y
59.	Provides capability to manually modify records that have become incorrect by adding notations. This requires the highest-level security.		Y
NUMBER	SYSTEM REQUIREMENTS - CODING	PRIORITY	EXISTS
60.	Allow for the ability to record the following information which needs to be collected at client intake: a. Social security number b. Prisoner six digit number with (alpha designator) c. Status date (system assigned) d. Prisoner last name e. Prisoner first name f. Prisoner middle initial g. Provider code h. Prisoner address i. Prisoner city j. Prisoner state k. ICD-9 Diagnostic code	C	Y
61.	Information on the intake form is subject to a number of various edits	C	Y
62.	Be able to print out the consent forms.	C	Y
63.	Provide the ability for remote access to the system to complete referral information on-line.	C	Y
64.	Provide the ability for the system to electronically send selected referral information to outside entities.	C	Y
65.	Be able to route the referral to a specific provider for follow-up scheduled for an appointment.	C	Y

MICHIGAN DEPARTMENT OF CORRECTIONS

66.	Be able to assign the number of days in which the prisoner must be notified and	C	Y
67.	If the number of days has expired, indicate a message to the provider on their task list.	C	Y
68.	Be able to route the referral to a specific provider for follow-up.	C	Y
69.	Provide for input via a document electronic scanner.	C	Y
70.	Provide control access to data update and data display	C	Y
71.	Provide audit trail of data and medical record update.	C	Y
72.	Provide for Problem Oriented Medical Records. (POMR)	C	Y
73.	Provide for the ability for electronic "provider signature" that is acceptable to Michigan medical and legal communities.	C	Y
74.	Maintain records for all patient contacts, examinations, diagnoses and treatments for all health problems internal and external.	C	Y
75.	Maintain Medical record history for ten years past the last contact.	C	Y
76.	Maintain record of information releases.	C	Y
77.	Medical Program sub-system should: <ul style="list-style-type: none"> a. Allow access to all sub-systems b. Allow for coding of diseases, (ICD and DSM). c. Facilitate lab orders and track results. d. Provide for standardization of treatment plans e. Provide for documentation of counseling f. Generate referral correspondence g. Handle messaging for alerts, etc. h. Track non-compliance i. Maintain a glossary of standard terminology and abbreviations <i>Comments: The Serapis® system supports the use of standard terminology through the use of picklists with pre-determined contents.</i>	C	Y
78.	Dental Program sub-section: <ul style="list-style-type: none"> a. Allow access to all sub-systems b. Generate consent to treatment forms c. Provide tracking of dental charts for on-going treatment d. Support ADA coding structure e. Support graphical charting 	C	Y
79.	Mental Health program sub-section: <ul style="list-style-type: none"> a. Allow access to all sub-systems b. Generate consent to treatment form c. Prompt for various consent forms and treatment plans at initial and designated interventions d. Generate alerts for suicide watch, etc. e. Identify involuntary treatment for administrative and court ordered situations f. Support DSM coding structure including AXIS I, II, III, IV, and V. 	C	Y
80.	Nursing sub-section: <ul style="list-style-type: none"> a. Allow service data to be entered at service site b. Allow access to all sub-systems c. Generate and track appointment schedules d. Provide event ticklers. (AHS) follow-ups e. Track non-compliance (No shows) f. Provide messaging for alerts and notifications g. Administrative sub-system 	C	Y

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET

OFFICE OF PURCHASING
P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

February 21, 2001

CHANGE NOTICE NO. 9
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-6345		VENDOR NUMBER (2) 43-1281312 (002)
		BUYER (517) 241-1647 Irene Pena
NIGP #948-46 Contract Administrator: Richard Russell CS-138 #472S8000078 Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD	From: April 1, 1997	To: April 1, 2003 *
TERMS Net 30 Days	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

* Plus ONE (1) OPTIONAL EXTENSION for 1 (one) additional 4 (four) year period.

NATURE OF CHANGE:

Please note that the buyer of this contract is now Irene Pena.

Also, please note change in mail code. Correct amil code for above address is Mail Code 002.

AUTHORITY/REASON:

DMB/OOP

TOTAL REVISED ESTIMATED CONTRACT VALUE REMAINS: \$275,421,097.00

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
OFFICE OF PURCHASING

June 1, 2000

P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 8
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR		TELEPHONE Dr. Franklyn Giampa (517) 381-9197
Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-1752		VENDOR NUMBER (2) 43-1281312 (001)
		BUYER (517) 373-2467 Ray E. Irvine
NIGP #948-46 Contract Administrator: Richard Russell CS-138 #472S8000078 Statewide Managed Health Care Services for Prisoners - Department of Corrections		
CONTRACT PERIOD From: April 1, 1997 To: April 1, 2003 *		
TERMS Net 30 Days	SHIPMENT N/A	
F.O.B. N/A	SHIPPED FROM N/A	
MINIMUM DELIVERY REQUIREMENTS N/A		

* Plus ONE (1) OPTIONAL EXTENSION for 1 (one) additional 4 (four) year period.

NATURE OF CHANGE(S):

For purposes of clarification, this contract has been extended to April 1, 2003 with one (1) each four (4) year extension period remaining. That extension will be done only with the mutual

agreement of the State and the contractor, per Section I-D of the contract.

TOTAL REVISED ESTIMATED CONTRACT VALUE REMAINS: \$275,421,097.00

STATE OF MICHIGAN
 DEPARTMENT OF MANAGEMENT AND BUDGET
 OFFICE OF PURCHASING

May 9, 2000

P.O. BOX 30026, LANSING, MI 48909
 OR
 530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 7
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR <p style="text-align: center;">Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-1752</p>	TELEPHONE Dr. Franklyn Giampa (517) 381-9197 <hr/> VENDOR NUMBER (2) 43-1281312 (001) <hr/> BUYER (517) 373-2467 Ray E. Irvine
NIGP #948-46 Contract Administrator: Richard Russell CS-138 #472S8000078 <p style="text-align: center;">Statewide Managed Health Care Services for Prisoners - Department of Corrections</p>	
CONTRACT PERIOD From: April 1, 1997 To: April 1, 2003 *	
TERMS <p style="text-align: center;">Net 30 Days</p>	SHIPMENT <p style="text-align: center;">N/A</p>
F.O.B. <p style="text-align: center;">N/A</p>	SHIPPED FROM <p style="text-align: center;">N/A</p>
MINIMUM DELIVERY REQUIREMENTS <p style="text-align: center;">N/A</p>	

* Plus OPTIONAL EXTENSIONS for 2 each 4 year periods.

NATURE OF CHANGE(S):

This change adds physicans and physicians extender (physician assistants and nurse practitioner services) at existing and future Michigan Department of Corrections (MDOC) facilities consistent with MDOC policy, American Correctional Association (ACA) Standards, and Joint

Commission on Accreditation of Health Organizations (JCAHO) Standards where applicable. This change is made at current contract terms, conditions, specifications, and rates, see attached 34 page document entitled, "Proposal amendment to the Managed Care contract (#071B7000384)." This change is effective May 28, 2000.

INCREASE estimated contract value: \$27,555,916.00

New estimated total contract value:\$275,421,097.00

AUTHORITY/REASON:

Request of agency e-mail from Rich Russell, MDOC, vendor acceptance dated 4-26-00 (attached), signed by N. Read Heflin, CMS, Section I-T (MODIFICATION) and I-V (Right to Negotiate Expansion) of contract.

INCREASE: \$27,555,916.00

TOTAL REVISED ESTIMATED CONTRACT VALUE: \$275,421,097.00

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT AND BUDGET
OFFICE OF PURCHASING

April 7, 1999

P.O. BOX 30026, LANSING, MI 48909
OR
530 W. ALLEGAN, LANSING, MI 48933

CHANGE NOTICE NO. 6
TO
CONTRACT NO. 071B7000384
between
THE STATE OF MICHIGAN
and

NAME & ADDRESS OF VENDOR Correctional Medical Services, Inc. (CMS) 12647 Olive Boulevard St. Louis, MO 63141-1752	TELEPHONE Dr. Franklyn Giampa (517) 381-9197
	VENDOR NUMBER (2) 43-1281312 (001)
	BUYER (517) 373-2467 Ray E. Irvine
NIGP #948-46 Contract Administrator: Richard Russell CS-138 #472S8000078 Statewide Managed Health Care Services for Prisoners - Department of Corrections	
CONTRACT PERIOD From: April 1, 1997 To: April 1, 2003 *	
TERMS Net 30 Days	SHIPMENT N/A
F.O.B. N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A	

* Plus OPTIONAL EXTENSIONS for 2 each 4 year periods.

NATURE OF CHANGE(S):

Contract is EXTENDED to 4-1-2003.

INCREASE estimated contract value: \$178,595.134.00

New estimated total contract value: \$247,865,181.00

AUTHORITY/REASON:

Per agency request from Rich Russell, DOC Contract Administrator.

Contract #071B7000384

Change No. 3

March 10, 1998

Page 2

AUTHORITY/REASON:

Section I-P of Contract, and Assignment and Assumption Agreement, dated March 9, 1998 (attached) between United Correctional Managed Care, Inc. and SPECTRUM Healthcare Services, Inc.

INCREASE: Approximately \$4,409,104.00 for the period ending 4-1-99.

Total Revised Estimated Contract Value: \$68,788,306.00

TABLE OF CONTENTS
CONTRACT #071B7000384

SECTION I - CONTRACTUAL TERMS AND CONDITIONS

PURCHASING OPERATIONS July 2, 2007	1
P.O. BOX 30026, LANSING, MI 48909	1
PURCHASING OPERATIONS April 26, 2007	2
P.O. BOX 30026, LANSING, MI 48909	2
<u>CMS Estimate of Year 11 Expenditures</u>	5
CMS estimates the total expenditures for the year 11 extension (May 1, 2007 – March 31, 2008) will approximate the following:	5
Month of Service	5
Total	5
Note (A): The Clinical Cost + Management fee estimate is based upon the average of the most recent 3 months of actual experience: Dec 06 \$8.5M, Jan 07 \$7.6M, Feb 07 \$7.3M, Average \$7.8M	5
PURCHASING OPERATIONS April 13, 2007	9
P.O. BOX 30026, LANSING, MI 48909	9
PURCHASING OPERATIONS March 28, 2007	11
P.O. BOX 30026, LANSING, MI 48909	11
PURCHASING OPERATIONS March 16, 2007	13
P.O. BOX 30026, LANSING, MI 48909	13
PURCHASING OPERATIONS November 27, 2006	15
P.O. BOX 30026, LANSING, MI 48909	15
PURCHASING OPERATIONS November 21, 2006	17
P.O. BOX 30026, LANSING, MI 48909	17
PURCHASING OPERATIONS May 15, 2006	19
P.O. BOX 30026, LANSING, MI 48909	19
ACQUISITION SERVICES December 28, 2005	21
P.O. BOX 30026, LANSING, MI 48909	21
ACQUISITION SERVICES September 7, 2005	23
P.O. BOX 30026, LANSING, MI 48909	23
ACQUISITION SERVICES September 15, 2004	25
P.O. BOX 30026, LANSING, MI 48909	25
ACQUISITION SERVICES July 23, 2004	27
P.O. BOX 30026, LANSING, MI 48909	27
ACQUISITION SERVICES February 25, 2004	29
P.O. BOX 30026, LANSING, MI 48909	29

ACQUISITION SERVICES January 15, 2004	32
P.O. BOX 30026, LANSING, MI 48909	32
I-C <u>STATE'S CONTRACT ADMINISTRATORS</u>	38
Fiscal Administrator:	39
I-D <u>TERM OF CONTRACT</u>	39
I-E <u>COST LIABILITY</u>	39
I-F <u>PRIME CONTRACTOR RESPONSIBILITIES</u>	39
I-G <u>NEWS RELEASE(S)</u>	40
News release(s) pertaining to this document or the services, study, data, or project to which it relates will not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the program are to be released without prior approval of the State and then only to persons designated by the State to receive the results.	40
I-J <u>CONTRACT PAYMENT SCHEDULE</u>	40
I-L <u>INDEMNIFICATION</u>	41
I-M <u>CONTRACTOR'S LIABILITY INSURANCE</u>	43
I-N <u>LITIGATION</u>	45
I-O <u>CANCELLATION</u>	46
I-Q <u>DELEGATION</u>	47
I-R <u>NON-DISCRIMINATION CLAUSE</u>	48
I-S <u>PRICE PROPOSAL</u>	48
I-T <u>MODIFICATION OF SERVICE</u>	48
I-FF <u>GOVERNING LAW</u>	53
A. Clinical and Administrative Rates	85
Items 100	
Custom	100
Non-Custom	100
Custom	100
Std./catalog	100
ACQUISITION SERVICES September 2, 2003	102
P.O. BOX 30026, LANSING, MI 48909	102
ACQUISITION SERVICES April 22, 2003	105
B. Termination	121
C. Health Screening	139
D. History and Physical	139
E. Clinical Pathways	140
G. Nursing Protocols	141
I. Chronic Care Encounters	141
J. Appointment Scheduling Module	142
L. Information Access and Reports	143
M. System Architecture/Technology Requirements	143
Camp Branch (CDW); Coldwater, MI (Initial Implementation OR CAMP BRIGHTON IF FEMALES MOVE PRIOR TO IMPLEMENTATION)	147

Camp Brighton, Pinckney, MI	147
OFFICE OF PURCHASING February 10, 2003	i
OFFICE OF PURCHASING December 11, 2002	iii
I-C <u>STATE'S CONTRACT ADMINISTRATORS</u>	5
Fiscal Administrator:	6
I-D <u>TERM OF CONTRACT</u>	6
I-E <u>COST LIABILITY</u>	6
I-F <u>PRIME CONTRACTOR RESPONSIBILITIES</u>	6
I-G <u>NEWS RELEASE(S)</u>	7
News release(s) pertaining to this document or the services, study, data, or project to which it relates will not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the program are to be released without prior approval of the State and then only to persons designated by the State to receive the results.	7
I-J <u>CONTRACT PAYMENT SCHEDULE</u>	7
I-L <u>INDEMNIFICATION</u>	7
I-M <u>CONTRACTOR'S LIABILITY INSURANCE</u>	10
I-N <u>LITIGATION</u>	11
I-O <u>CANCELLATION</u>	12
I-Q <u>DELEGATION</u>	13
I-R <u>NON-DISCRIMINATION CLAUSE</u>	14
I-S <u>PRICE PROPOSAL</u>	14
I-T <u>MODIFICATION OF SERVICE</u>	14
I-FF <u>GOVERNING LAW</u>	18
A. Clinical and Administrative Rates	50
Items 65	
Custom	65
Non-Custom	65
Custom	65
Std./catalog	65
W/ Battery	65
W/o battery	65
OFFICE OF PURCHASING November 30, 2001	67
INCREASE estimated contract value: \$27,555,916.00	112
INCREASE: \$27,555,916.00	112
INCREASE estimated contract value: \$178,595.134.00	114
I-C <u>STATE'S CONTRACT ADMINISTRATOR</u>	1
Contract Administrator:	2
I-D <u>TERM OF CONTRACT</u>	2
I-E <u>COST LIABILITY</u>	2
I-F <u>PRIME CONTRACTOR RESPONSIBILITIES</u>	2
I-G <u>NEWS RELEASE(S)</u>	3
I-H <u>CONFIDENTIALITY</u>	3
I-J <u>CONTRACT PAYMENT SCHEDULE</u>	3
I-L <u>INDEMNIFICATION</u>	4

I-L	<u>INDEMNIFICATION</u> (con't.)	4
I-L	<u>INDEMNIFICATION</u> (con't.)	6
I-M	<u>CONTRACTOR'S LIABILITY INSURANCE</u>	6
I-M	<u>CONTRACTOR'S LIABILITY INSURANCE</u> (con't)	7
I-N	<u>LITIGATION</u>	8
I-N	<u>LITIGATION</u> (con't.)	8
I-O	<u>CANCELLATION</u>	9
I-O	<u>CANCELLATION</u> (con't.)	10
I-Q	<u>DELEGATION</u>	10
I-R	<u>NON-DISCRIMINATION CLAUSE</u>	10
I-S	<u>PRICE PROPOSAL</u>	11
I-S	<u>PRICE PROPOSAL</u> (con't.)	11
I-T	<u>MODIFICATION OF SERVICE</u>	11
I-U	<u>ACCEPTANCE OF PROPOSAL CONTENT</u>	11
I-FF	<u>GOVERNING LAW</u>	15

SECTION II - WORK STATEMENT

II-A	BACKGROUND/PROBLEM STATEMENT	13
II-B	OBJECTIVES	14
II-C	SPECIFICATIONS	15
	A) Secure Unit	15
	B) Telemedicine Unit	17
	C) DLW Hospital Specialty Services	17
	D) Community Hospital Services	18
	E) Supplemental Staff	18
	F) Renal and Peritoneal Dialysis	18
	G) Prisoner Health Care for Camps, Corrections, Centers, and Tether	18
	H) General Administrative	19
	I) Adherence to Standards	20

Table of Contents (con't.)

Contract #071B7000384

J)	Personnel Tasks/Responsibilities	20
K)	Employee Training and Orientation	20
L)	Tuberculosis and Hepatitis B	21
M)	Coordination of Treatment/Medication Schedules	21
N)	Referral for Additional Services	21
O)	Mental Health Services	21
P)	Prisoner Health Records	21

Q)	Required Staffing	22
R)	Ancillary and Support Services	22
S)	Disposal of Biomedical Hazardous Waste	23
T)	Area and Information Security	23
U)	Prisoner Complaints/Grievances.....	23
V)	Licenses/Credentialing/Privileging/Accreditation.....	24
W)	Emergency/Urgent Transportation	24
X)	Quality Assurance	25
Y)	Computerized Management Information System.....	26
II-D	PROJECT CONTROL & REPORTS	27
I.	Project Phase-In Control	27
II-E	Addenda 1, 2, and 3 (Incorporated By Reference).....	27

SECTION III - CONTRACTOR INFORMATION

III-A	BUSINESS ORGANIZATION	28
III-B	AUTHORIZED CONTRACTOR EXPEDITER.....	28

APPENDICES

A	CONTRACTOR'S TECHNICAL PROPOSAL (EXCERPTS)
B	CONTRACTOR'S PRICING

DEFINITION OF TERMS

CONTRACT #071B7000384

TERMS	DEFINITIONS
Managed Health Care System	The combined services of the Contractor and the State which together provide all necessary and appropriate health care services to prisoners.
Capitation	Capitation is the act of defining deliverables and assigning a limit, regardless of the actual cost to the Contractor for delivery. It provides incentives to the Contractor to manage costs to maximize their profits. Where multiple services and specialists are embraced by a single Contract, the prime Contractor may generate interest in cost effective treatment among the subcontractors by offering guaranteed scheduled payments and profit sharing. The prime Contractor generally assumes most of all of the risk.
Per Member Per Month	The unit price commonly used in capitated managed care systems; the rate charged by the Contractor for all covered services. (abr. PMPM)
Stop-loss clause	A contractual clause which protects the Contractor by defining the extent of the contractors cost liability under the Contract should actual costs for providing services prove higher than anticipated; may include shared-risk clause and defer a percentage of unusual costs back to the purchaser.
Stop-grain clause	A contractual clause which protects the purchaser by defining the extent to which the actual costs of care can be reduced from those projected under the original Contract such that the percentage profit of the Contractor is limited; may include a sharing of the surplus between purchaser and Contractor.
Standards	See Supplemental Information: BHCS White Paper attached to this document.

Bureau of Health Care Services	The bureau within the Department of Corrections responsible for providing health care to prisoners.
Preauthorization	A system of prior approval for off-site referral requests generated by the Department's primary care physicians; gate-keeping mechanism design to allow only necessary and appropriate referrals to higher level providers.
Telemedicine	See Appendix B.
Contract	The agreement entered into between the State and a successful bidder.
Contractor	The successful bidder; also referred to as "Prime Contractor."

Definition of Terms (con't.)

CONTRACT #071B7000384

BPO	Blanket Purchase Order - alternate term for Contract.
DMB	The Department of Management and Budget
DOC OR MDOC	The Department of Corrections or Michigan Department of Corrections
ITB	Invitation to Bid, the solicitation which (generally) results in an award.
Successful Bidder	The bidder awarded a Contract as a result of the ITB.
State	The State of Michigan.

SECTION I
CONTRACTUAL TERMS & CONDITIONS

I-A PURPOSE

The State of Michigan, Department of Management, Office of Purchasing, being the Contracting Authority for the State, hereby enters into a Contractual Agreement, with United Correctional Managed Care, Incorporated, on behalf of Michigan Department of Corrections.

The purpose of this agreement is to obtain the services of the Contractor to provide statewide managed health care services for prisoners under the care of Michigan Department of Corrections. This is a mixed reimbursement mechanism Contract, see Section I-J and Appendix A. The term of the Contract shall be from April 1, 1997 to April 1, 1999 with options for two each four-year extensions at the mutual written agreement of both parties.

I-B ISSUING OFFICE

This Contract is issued by the State of Michigan, Department of Management and Budget (DMB), Office of Purchasing, hereafter known as the Office of Purchasing, on behalf of Michigan Department of Corrections (MDOC). Where actions are a combination of those of the Office of Purchasing and MDOC the authority will be known as the State.

The Office of Purchasing is the sole point of contact in the State with regard to changes, modifications, amendments, or other alterations of the terms, conditions, specifications, and/or prices of this Contract. Upon return of the signed Contract Agreement by the Contractor to Office of Purchasing, the Issuing Office will delegate by letter the administration of this Contract to the Contract Administrator named in Paragraph I-C below. Until such time as that delegation is made, the Issuing Office remains the Contractor's sole point of contact in the State. Communication with the Issuing Office will be addressed to:

Mr. Ray Irvine, Director
Professional & Management Services Division
Office of Purchasing, Department of Management & Budget
P.O. Box 30026
Lansing, MI 48909

I-C STATE'S CONTRACT ADMINISTRATOR

Upon receipt at the Office of Purchasing of the properly executed Contract, it is anticipated that the Director of Purchasing will direct that the persons named below be authorized to administer the Contract for the State on a day-to-day basis during the term of the agreement. However, administration of this Contract implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such Contract. That authority is retained by the Office of Purchasing.

The State's Contract Administrator for this project is:

I-C CONTRACT ADMINISTRATOR (con't.)

Contract Administrator:

Robert Moore, Administrator
Office of Fiscal Management
Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909

Project Administrator:

Richard D. Russell, Manager
Central Operations Division
Bureau of Health Care Services
Michigan Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909

I-D TERM OF CONTRACT

The initial Contract will cover a 24 month period beginning April 1, 1997 with options for extension for two additional 4 year periods by mutual written consent of the parties. The State fiscal year is October 1st through September 30th. Payments in any given fiscal year are contingent upon and subject to enactment of legislative appropriations.

I-E COST LIABILITY

The State of Michigan assumes no responsibility or liability for costs incurred by the Contractor prior to the signing of this Contract. Total liability of the State is limited to the terms and conditions of the State's RFP relevant to this project and any addenda to that RFP as well as this Contract.

I-F PRIME CONTRACTOR RESPONSIBILITIES

The Prime Contractor will be required to assume responsibility for all contractual activities offered in this proposal whether or not that Contractor performs them. Further, the State will consider the Prime Contractor to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from this Contract. If any part of the work is to be subcontracted, the Contractor is required to provide the State a current updated list of subcontractors, including firm name and address, contact person, complete description of work to be subcontracted, and

descriptive information concerning subcontractor's organizational abilities. The State reserves the right to approve subcontractors for this project and to require the Primary Contractor to replace subcontractors found to be unacceptable. The Contractor is totally responsible for adherence by the subcontractor to all provisions of the Contract.

I-G NEWS RELEASE(S)

News release(s) pertaining to this document or the services, study, data, or project to which it relates will not be made without prior written State approval, and then only in accordance with the explicit written instructions from the State. No results of the program are to be released without prior approval of the State and then only to persons designated by the State to receive the results.

I-H CONFIDENTIALITY

The Contractor, its employees, agents and subcontractors will be bound by the same standards of confidentiality as State employees. Contractor may not release to any parties any patient data or other information concerning this Contract without written approval of the Contract Administrator.

I-I DISCLOSURE

All information in the Contractor's proposal and this Contract is subject to the provisions of the Freedom of Information Act, 1976 Public Act No. 442, as amended, MCL 15.231, *et seq.*

I-J CONTRACT PAYMENT SCHEDULE

The specific payment schedule for this Contract will be mutually agreed upon by the State and the Contractor. As a general policy statements shall be forwarded to the DOC Contract Administrator (see I-C above) by the 15th day of the following month after the work was completed.

This Contract will reflect a mixed reimbursement mechanism. The majority of services will be under a fixed price per covered prisoner by type (per member charge) multiplied by the actual average prisoner count in the preceding month of that type (monthly population multiplier). In addition, hourly rates for any temporary and/or intermittent

staff provided shall be paid within 45 days of receipt of contractor's bill, if the Contractor has provided sufficient documentation of both the request for and the provision of the service.

Payments in any given fiscal year are contingent upon and subject to enactment of legislative appropriations.

I-K ACCOUNTING RECORDS

The Contractor will be required to submit a Dunn & Bradstreet report to the Contract Administrator 90 days prior to potential Contract renewal period. The Contractor will be required to maintain all pertinent financial and accounting records and evidence pertaining to the Contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Michigan. Financial and accounting records shall be made available, upon request, to the State of Michigan, its designees, or the Michigan Department of Auditor General at any time during the Contract period and any extension thereof, and for three (3) years from expiration date and final payment on the Contract or extension thereof.

I-L INDEMNIFICATION

1. General Indemnification

The Contractor shall indemnify, defend and hold harmless the State, its departments, divisions, agencies, sections commissions, officers, employees and agents, from and against all losses, liabilities, penalties, fines, damages and claims (including taxes), and all related costs and expenses (including reasonable attorneys' fees and disbursements and costs of investigation, litigation, settlement, judgments, interest and penalties), arising from or in connection with any of the following:

I-L INDEMNIFICATION (con't.)

- (a) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of or resulting from (1) the services and/or products provided or (2) performance of the work, duties, responsibilities, actions or omissions of the Contractor or any of its subcontractors under this Contract;
- (b) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of or resulting from a breach by the Contractor of any representation or warranty made by the Contractor in the Contract;

- (c) any claim, demand, action, citation, or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of, or related to occurrences that the Contractor is required to insure against as provided for in this Contract;**
- (d) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents arising out of or resulting from the death or bodily injury of any person, or the damage, loss, or destruction of any real or tangible personal property, in connection with the performance of services by the Contractor, by any of its subcontractors, by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable; provided, however, that this indemnification obligation shall not apply to the extent, if any, that such death, bodily injury, or property damage is caused solely by the negligence or reckless or intentional wrongful conduct of the State;**
- (e) any claim, demand, action, citation or legal proceeding against the State, its departments, divisions, agencies, sections, commissions, officers, employees, and agents which results from an act or omission of the Contractor or any of its subcontractors in its or their capacity as an employer of a person.**

2. Patent/Copyright Infringement Indemnification

The Contractor shall indemnify, defend and hold harmless the State, its departments, division, agencies, sections, commissions, officers, employees, and agents from and against all loses, liabilities, penalties, fines, damages (including taxes), and all related costs and expenses (including attorney's fees, disbursements, costs of investigation, litigation, settlement, judgments, interest, and penalties) incurred in connection with any action or proceeding threatened or brought against the State to the extent that such action or proceeding is based on a claim that any piece of equipment, software, commodity, or service supplied by the Contractor or its subcontractors, or the operation of such equipment, software, commodity or service, or the use or reproduction of any documentation provided with such equipment, software, commodity or service infringes any United States or foreign patent, copyright, trade secret or other proprietary right of any person or entity, which right is enforceable under the laws of the United States. In addition, should the equipment, software, commodity, or service, or the operation thereof, become or in the Contractor's sole

opinion, be likely to become the subject of a claim of infringement, the Contractor shall, at the Contractor's sole expense (i) procure for the State the right to continue using the equipment, software, commodity or service

I-L INDEMNIFICATION (con't.)

or, if such option is not reasonably available to the Contractor, (ii) replace or modify the same with equipment, software, commodity or service of equivalent function and performance so that it becomes non-infringing, or, if such option is not reasonably available to Contractor, (iii) accept its return by the State with appropriate credits to the State

against the Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

3. Indemnification Obligation Not Limited

In any and all claims against the State Of Michigan, or any of its departments, divisions, agencies, sections, commissions, officers, employees and agents, by any employee of the Contractor or any of its subcontractors, the indemnification obligation under the Contract shall not be limited in any way by the amount or type of damages, compensation or benefits payable by or for the Contractor or any of its subcontractors under worker's disability compensation acts, disability benefits acts or other employee benefits acts. This indemnification clause is intended to be comprehensive, Any overlap in subclauses, or the fact that greater specificity is provided as to some categories of risk, is not intended to limit the scope of indemnification under any other subclause.

4. Continuation of Indemnification Obligation

The duty to indemnify will continue in full force and effect notwithstanding the expiration or early termination of the Contract with respect to any claims based on facts or conditions which occurred prior to termination.

I-M CONTRACTOR'S LIABILITY INSURANCE

The Contractor shall purchase and maintain such insurance as will protect him/her from claims set forth below which may arise out of or result from the Contractor's work under the Contract/Purchase Order, whether such work is performed by himself/herself or by any subcontractor or by anyone directly or indirectly employed by any of them, or by

anyone for whose acts any of them may be liable including but not limited to:

- (1) Claims under workers' disability compensation, disability benefit and other similar employee benefit act. A non-resident Contractor shall have insurance for benefits payable under Michigan's Workers' Disability Compensation Law for any employee resident of and hired in Michigan; and as respects any other employee protected by workers' disability compensation laws of any other state the Contractor shall have insurance or participate in a mandatory state fund to cover the benefits payable to any such employee.**
- (2) Claims for damages because of bodily injury, occupational sickness or disease, or death of his/her employees.**
- (3) Claims for damages because of personal injury, bodily injury, sickness or disease, or death of any person other than his/her employees, subject to limits of liability of not less than \$1,000,000.00 each occurrence and, when applicable \$2,000,000.00 annual aggregate, for non-automobile hazards and as required by law for automobile hazards.**

I-M CONTRACTOR'S LIABILITY INSURANCE (con't)

- (4) Claims for damages because of injury to or destruction of tangible property, including loss of use resulting therefrom, subject to a limit of liability of not less than \$50,000.00 each occurrence for non-automobile hazards and as required by law for automobile hazards.**
- (5) Insurance for Subparagraphs (3) and (4) non-automobile hazards on a combined single limit of liability basis shall not be less than \$1,000,000.00 each occurrence and when applicable, \$2,000,000.00 annual aggregate.**
- (6) Insurance for Medical Professional liability with a limit of not less than \$5,000,000.00 per occurrence and, where applicable, \$10,000,000.00 annual aggregate.**

All insurance shall be written for not less than any limits of liability herein specified or required by law, whichever is greater, and shall include contractual liability insurance as applicable to the Contractor's obligations under the Indemnification clause of the Contract Purchase Order. The Contractor shall name the State of Michigan as an

additional insured with the intent that any changes made in the insurance by Contractor are immediately conveyed to the State of Michigan. To facilitate concurrent DOC notification of changes made by the Insurer at the request of the Contractor, the Contractor must supply their insurer with the name and address of the DOC Contract Administrator.

BEFORE STARTING WORK THE CONTRACTOR'S INSURANCE AGENCY MUST FURNISH TO THE DIRECTOR OF THE OFFICE OF PURCHASING, ORIGINAL CERTIFICATE(S) OF INSURANCE VERIFYING LIABILITY COVERAGE. THE CONTRACT OR PURCHASE ORDER NO. MUST BE SHOWN ON THE CERTIFICATE OF INSURANCE TO ASSURE CORRECT FILING. These Certificates shall contain a provision that coverage's afforded under the policies will not be canceled until at least fifteen days prior written notice bearing the Contract Number or Purchase Order Number has been given to the Director of Purchasing.

I-N LITIGATION

The State, its departments, and its agents shall not be responsible for representing or defending the Contractor, Contractor's personnel, or any other employee, agent, or subcontractor of the Contractor, named as a defendant in any lawsuit or in connection with any tort claim.

The State and the Contractor agree to make all reasonable efforts to cooperate with each other in the defense of any litigation brought by any person or persons not a party to the Contract.

The Contractor shall submit quarterly litigation reports to the "Issuing Office" and the State's Contract Administrator providing the following detail for all civil litigation in which the Contractor or the Contractor's insurers or insurance agent are parties:

I-N LITIGATION (con't.)

Case number and docket number
name of plaintiff(s) and defendant(s)
names and addresses of all counsel appearing
nature of claim

status of case

The provisions of this section shall survive the expiration or termination of the Contract.

I-O CANCELLATION

- (a) The State may cancel the Contract for default of the Contractor. Default is defined as the failure of the Contractor to fulfill the obligations of the quotation or Contract. In case of default by the Contractor, the State may immediately and/or upon 30 days prior written notice to the Contractor cancel the Contract without further liability to the State, its departments, divisions, agencies, sections, commissions, officers, agents and employees, and procure the services from other sources, and hold the Contractor responsible for any excess costs occasioned thereby.
- (b) The State may cancel the Contract in the event the State no longer needs the services or products specified in the Contract, or in the event program changes, changes in laws, rules or regulations, relocation of offices occur, or the State determines that statewide implementation of the Contract is not feasible, or if prices for additional services requested by the State are not acceptable to the State. The State may cancel the Contract without further liability to the State, its departments, divisions, agencies, sections, commissions, officers, agents and employees by giving the Contractor written notice of such cancellation 30 days prior to the date of cancellation.
- (c) The State may cancel the Contract for lack of funding. The Contractor acknowledges that, if this Contract extends for several fiscal years, and that continuation of this Contract is subject to appropriation of funds for this project. If funds to enable the State to effect continued payment under this Contract are not appropriated or otherwise made available, the State shall have the right to terminate this Contract without penalty at the end of the last period for which funds have been appropriated or otherwise made available by giving written notice of termination to the Contractor. The State shall give the Contractor written notice of such non-appropriation within 30 days after it receives notice of such non-appropriation.
- (d) The State may immediately cancel the Contract without further liability to the State its departments, divisions, agencies, sections, commissions, officers, agents and employees if the Contractor, an officer of the Contractor, or an owner of a 25% or greater share of the Contractor, is convicted of a criminal offense incident to the application for or performance of a State, public or private Contract or subcontract; or convicted of a criminal offense including but not limited to any of the following:

embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees; convicted under state or federal antitrust statutes; or convicted of any other criminal offense which in the sole discretion of the State, reflects on the Contractor's business integrity.

I-O CANCELLATION (con't.)

(e) The State may immediately cancel the Contract in whole or in part by giving notice of termination to the Contractor if any final administrative or judicial decision or adjudication disapproves a previously approved request for purchase of personal services pursuant to Constitution 1963, Article 11, Section 5, and Civil Service Rule 4-6.

(f) The State may, with 30 days written notice to the Contractor, cancel the Contract in the event prices proposed for Contract modification/extension are unacceptable to the State. See Sections I-S Price Proposal, and I-T, Modification of Service.

I-P ASSIGNMENT

The Contractor shall not have the right to assign this Contract or to assign or delegate any of its duties or obligations under this Contract to any other party (whether by operation of law or otherwise), without the prior written consent of the State. Any purported assignment in violation of this Section shall be null and void. Further, the Contractor may not assign the right to receive money due under the Contract without the prior written consent of the State Purchasing Director.

I-Q DELEGATION

The Contractor shall not delegate any duties or obligations under this Contract to a subcontractor other than a subcontractor named in the bid unless the State Purchasing Director has given written consent to the delegation.

I-R NON-DISCRIMINATION CLAUSE

In the performance of any Contract or purchase order resulting herefrom, the bidder agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental handicap or disability. The bidder further agrees that every subcontract entered into for the

performance of any Contract or purchase order resulting herefrom will contain a provision requiring non-discrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot Larsen Civil Rights Act, 1976 Public Act 453, as amended, MCL 37.2201, *et seq*, and the Michigan Handicapper's Civil Rights Act, 1976 Public Act 220, as amended, MCL 37.1101, *et seq*, and any breach thereof may be regarded as a material breach of the Contract or purchase order.

I-S PRICE PROPOSAL

Prices shall be held firm for the initial two year period of the Contract unless modified to the State's benefit by the mutual agreement of the parties to the Contract. Adjustment for each four year extension proposed by the Contractor must be submitted to the DOC Contract Administrator and the DMB Office of Purchasing 120 days prior to proposed renewal. Requests for price increases from the Contractor shall be considered for each 2 year period beginning with prices for Contract year 3 and shall be submitted in writing at least 90 days prior to the proposed effective date of the change to the DOC Contract Administrator and to the DMB Office of Purchasing. Any changes requested by either

I-S PRICE PROPOSAL (con't.)

party are subject to written acceptance by the State Purchasing Director before become effective. In the event new prices are not acceptable, the Contract may be canceled pursuant to Section I-N (f) above.

I-T MODIFICATION OF SERVICE

The Director of Purchasing reserves the right to modify this service during the course of this Contract. Such modification may include adding or deleting tasks which this service shall encompass and/or any other modifications deemed necessary. Any changes in pricing proposed by the Contractor resulting from the requested changes are subject to acceptance by the state. Changes may be increases or decreases.

IN THE EVENT PRICES ARE NOT ACCEPTABLE TO THE STATE, THE CONTRACT MAY BE SUBJECT TO COMPETITIVE BIDDING BASED UPON THE NEW SPECIFICATIONS.

I-U ACCEPTANCE OF PROPOSAL CONTENT

The contents of the RFP and the vendor's proposal are obligations of this Contract. Failure of the Contractor to accept those obligations may result in cancellation of the

award.

The State further reserves the right to interview the key personnel assigned by the successful bidder to this project and to recommend reassignment of personnel deemed unsatisfactory by the State. The State reserves the right to approve subcontractors for this project and to require primary Contractors to replace subcontractors who are found to be unacceptable.

I-V RIGHT TO NEGOTIATE EXPANSION

The State reserves the unilateral right to negotiate expansion of the services outlined within this Contract to accommodate the related service needs of additional selected State agencies, or of additional entities within the DOC.

Such expansion shall be limited to those situations approved and negotiated by the Department of Management and Budget, Office of Purchasing at the request of the DOC or another State agency. The Contractor shall be obliged to expeditiously evaluate and respond to specified needs submitted by the Office of Purchasing with a proposal outlining requested services and pricing. All pricing for expanded services shall be shown to be consistent with the cost elements and/or unit pricing of the original, primary Contract.

In the event that a Contract expansion proposal is accepted by the State, the Office of Purchasing shall issue a Contract Change Notice to the Contract as notice to the Contractor to provide the work specified. Compensation is not allowed the Contractor until such time as a Contract Change Notice is issued.

I-W MODIFICATIONS, CONSENTS, AND APPROVALS

This Contract may not be modified, amended, extended, or augmented, except by a writing executed by the parties hereto, and any breach or default by a party shall not be waived or released other than in writing signed by the other party.

I-X ENTIRE AGREEMENT AND ORDER OF PRECEDENCE

The following documents constitute the complete and exclusive agreement between the parties as it relates to this transaction: In the event of any conflict among the

documents making up the Contract, the following order of precedence shall apply (in descending order of precedence):

- A. This Contract Agreement.
- B. State's RFP and any Addenda thereto (the entire Request For Proposal {RFP} and all Addenda are incorporated by reference into this Contract).
- C. Contractor's response(s) to the State's RFP and Addenda.

In the event of any conflicts between the specifications, terms, and conditions indicated by the State and those indicated by the Contractor, those of the State take precedence.

This Contract supercedes all proposals or other prior agreements, oral or written, and all other communications between the parties relating to this subject.

I-Y NO WAIVER OF DEFAULT

The failure of a party to insist upon strict adherence to any term of this Contract shall not be considered a waiver or deprive the party of the right thereafter to insist upon strict adherence to that term, or any other term, of the Contract.

I-Z SEVERABILITY

Each provision of this Contract shall be deemed to be severable from all other provisions of the Contract and, if one or more of the provisions of the Contract shall be declared invalid, the remaining provisions of the Contract shall remain in full force and effect.

I-AA HEADINGS

Captions and headings used in this Contract are for information and organization purposes. Captions and headings, including inaccurate references, do not, in any way, define or limit the requirements or terms and conditions of this Contract.

I-BB RELATIONSHIP OF THE PARTIES (INDEPENDENT CONTRACTOR)

The relationship between the State and the Contractor is that of client and independent Contractor. No agent, employee, or servant of the Contractor or any of its subcontractors shall be or shall be deemed to be an employee, agent, or servant of the State for any reason. The Contractor will be solely and entirely responsible for its acts

and the acts of its agents, employees, servants and subcontractors during the performance of this Contract.

I-CC NOTICES

Any notice given to a party under this Contract must be written and shall be deemed effective, if addressed to such party as addressed below upon (i) delivery, if hand delivered; (ii) receipt of a confirmed transmission via telefacsimile machine if a copy of

I-CC NOTICES (con't.)

the notice is sent by another means specified in this Section; (iii) the third (3rd) Business Day after being sent by U.S. mail, postage pre-paid, return receipt requested; or (iv) the next Business Day after being sent by a nationally recognized overnight express courier with a reliable tracking system. Address and "Attention" lines to be used are as indicated below:

Issuing Office Contact:

**Mr. Ray Irvine, Director
Professional & Management Services Division
Office of Purchasing, Department of Management & Budget
P.O. Box 30026
Lansing, MI 48909
(517) 373-2467**

State's Contract Administrator:

**Mr. Robert Moore, Administrator
Office of Fiscal Management
Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909
(517) 373-4568**

State's Project Administrator::

**Mr. Richard D. Russell, Manager
Central Operations Division
Bureau of Health Care Services
Michigan Department of Corrections
Grandview Plaza Building
PO Box 30003
Lansing, MI 48909
(517) 373-3629**

Contractor's Expediter: Mr. Michael Heffernan
President & Chief Executive Officer
United Correctional Managed Care, Inc.
2401 E. Katella Avenue, Suite #500
Anaheim, CA 92806
(800) 355-0320 ext. 101

Either party may change its address where notices are to be sent by giving written notice in accordance with this Section.

I-DD UNFAIR LABOR PRACTICES

Pursuant to 1980 Public Act 278, as amended, MCL 423.231, et seq, the State shall not award a Contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled pursuant to Section 2 of the Act. A Contractor of the State, in relation to the Contract, shall not enter into a Contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Pursuant to Section 4 of 1980 Public Act 278, MCL 423.324, the State may void any Contract if, subsequent to award of the Contract, the name of the Contractor as an employer, or the name of the subcontractor, manufacturer or supplier of the Contractor appears in the register.

I-EE SURVIVOR

Any provisions of the Contract that impose continuing obligations on the parties including, but not limited to the Contractor's indemnity and other obligations shall survive the expiration or cancellation of this Contract regardless of the reason for expiration/cancellation.

I-FF GOVERNING LAW

This Contract shall in all respects be governed by, and construed in accordance with, the laws of the State of Michigan.

I-GG YEAR 2000 SOFTWARE COMPLIANCE

The vendor warrants that all software which the vendor either sells or licenses to the State of Michigan and used by the State prior to, during or after the calendar year 2000,

includes or shall include, at no added cost to the State, design and performance so the State shall not experience software abnormality and/or the generation of incorrect results from the software, due to date oriented processing, in the operation of the business of the State of Michigan.

The software design, to insure year 2000 compatibility, shall include, but is not limited to: data structures (databases, data files, etc.) that provide 4-digit date century; stored data that contain date century recognition, including, but not limited to, data stores in databases and hardware device internal system dates; calculations and program logic (e.g., sort algorithms, calendar generation, event recognition, and all processing actions that use or produce date values) that accommodates same century and multi-century formulas and date values; interfaces that supply data to and receive data from other systems or organizations that prevent non-compliant dates and data from entering any State system; user interfaces (i.e., screens, reports, etc.) that accurately show 4 digit years; and assurance that the year 2000 shall be correctly treated as a leap year within all calculation and calendar logic.

**SECTION III
CONTRACTOR INFORMATION**

III-A BUSINESS ORGANIZATION

PRIMARY CONTRACTOR:

**United Correctional Managed Care, Inc.
2401 E. Katella Avenue, Suite #500
Anaheim, CA 92806**

III-B AUTHORIZED CONTRACTOR EXPEDITER:

**Michael Heffernan
President & Chief Executive Officer
Telephone: (800) 355-0320 ext. 101**

APPENDIX A

**CONTRACTOR'S TECHNICAL PROPOSAL
(EXCERPTS)**

APPENDIX B

**CONTRACTOR'S PRICING
(EXCERPTS)**